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## **City of San Jose Police & Fire Department Retirement Plan**

### **Fiscal Year 2010 Executive Summary**

August 19, 2010

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# Market Environment Overview

Domestic Equity Benchmarks		QTR	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
MSCI World	World	-12.7%	-9.8%	10.2%	-11.5%	0.1%	-1.0%

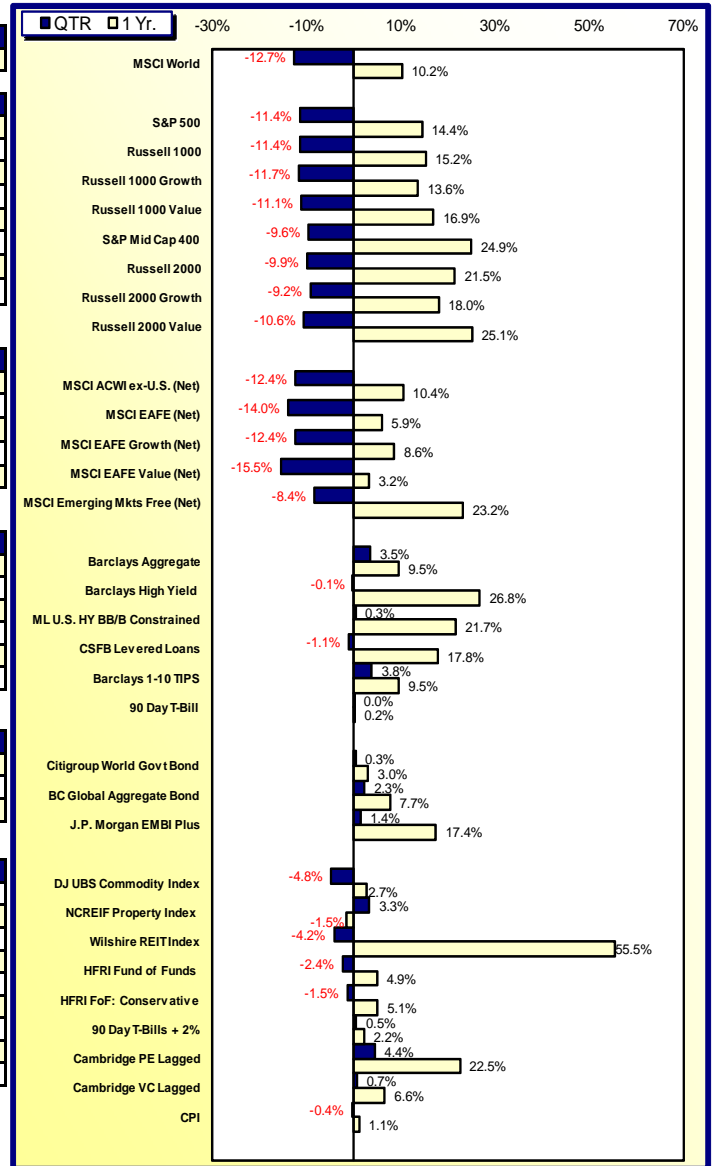
Domestic Equity Benchmarks		QTR	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500	Large Core	-11.4%	-6.7%	14.4%	-9.8%	-0.8%	-1.6%
Russell 1000	Large Core	-11.4%	-6.4%	15.2%	-9.5%	-0.6%	-1.2%
Russell 1000 Growth	Large Growth	-11.7%	-7.6%	13.6%	-6.9%	0.4%	-5.1%
Russell 1000 Value	Large Value	-11.1%	-5.1%	16.9%	-12.3%	-1.6%	2.4%
S&P Mid Cap 400	Mid Core	-9.6%	-1.4%	24.9%	-5.9%	2.2%	5.3%
Russell 2000	Small Core	-9.9%	-2.0%	21.5%	-8.6%	0.4%	3.0%
Russell 2000 Growth	Small Growth	-9.2%	-2.3%	18.0%	-7.5%	1.1%	-1.7%
Russell 2000 Value	Small Value	-10.6%	-1.6%	25.1%	-9.9%	-0.5%	7.5%

International Equity Benchmarks		QTR	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
MSCI ACWI ex-U.S. (Net)	International	-12.4%	-11.1%	10.4%	-10.7%	3.4%	1.9%
MSCI EAFE (Net)	Int'l Developed	-14.0%	-13.2%	5.9%	-13.4%	0.9%	0.2%
MSCI EAFE Growth (Net)	Int'l Developed	-12.4%	-10.7%	8.6%	-11.7%	1.7%	-1.6%
MSCI EAFE Value (Net)	Int'l Developed	-15.5%	-15.7%	3.2%	-15.1%	0.0%	1.8%
MSCI Emerging Mkts Free (Net)	Int'l Emerging	-8.4%	-6.2%	23.2%	-2.5%	12.7%	10.0%

Domestic Fixed Income Benchmarks		QTR	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Barclays Aggregate	Core Bonds	3.5%	5.3%	9.5%	7.5%	5.5%	6.5%
Barclays High Yield	High Yield	-0.1%	4.5%	26.8%	6.5%	7.2%	7.3%
ML U.S. HY BB/B Constrained	High Yield	0.3%	4.5%	21.7%	5.6%	6.1%	6.7%
CSFB Levered Loans	Bank Loans	-1.1%	3.3%	17.8%	1.6%	3.8%	n/a
Barclays 1-10 TIPS	Inflation-Linked	3.8%	4.4%	9.5%	7.6%	5.0%	7.5%
90 Day T-Bill	Cash	0.0%	0.1%	0.2%	1.6%	2.8%	2.7%

Global Fixed Income Benchmarks		QTR	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Citigroup World Govt Bond	Global Bonds	0.3%	-1.0%	3.0%	7.8%	5.1%	6.5%
BC Global Aggregate Bond	Global Bonds	2.3%	4.0%	7.7%	6.6%	4.9%	5.8%
J.P. Morgan EMBI Plus	Em. Mkt. Bonds	1.4%	5.1%	17.4%	8.2%	8.3%	10.6%

Alternative Benchmarks		QTR	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
DJ UBS Commodity Index	Commodities	-4.8%	-9.6%	2.7%	-8.4%	-1.3%	4.4%
NCREIF Property Index	Real Estate	3.3%	4.1%	-1.5%	-4.7%	3.8%	7.2%
Wilshire REIT Index	REIT	-4.2%	5.2%	55.5%	-10.3%	-0.4%	9.8%
HFRI Fund of Funds	Hedge Funds	-2.4%	-1.0%	4.9%	-3.9%	2.4%	3.4%
HFRI FoF: Conservative	Hedge Funds	-1.5%	0.2%	5.1%	-3.8%	1.6%	3.1%
90 Day T-Bills + 2%	Hedge Funds	0.5%	1.0%	2.2%	3.6%	4.8%	4.7%
Cambridge PE Lagged	Private Equity	4.4%	10.5%	22.5%	1.2%	11.9%	7.5%
Cambridge VC Lagged	Venture Capital	0.7%	3.9%	6.6%	-0.5%	5.5%	-5.5%
CPI	Inflation	-0.4%	-0.1%	1.1%	1.5%	2.3%	2.3%



Note: Cambridge Private Equity and Venture Capital Indexes are lagged by one quarter. Performance shown as of March 31, 2010.



# Summary of Investment Results

- Over the last 12 months, the Fund experienced a gross investment gain of \$322.4 million, which includes a gross investment loss of \$65.4 million during the second quarter. Total assets decreased from \$2.4 billion at the beginning of the quarter to \$2.3 billion on June 30, 2010, with \$33.1 million in net distributions.
- Over the past five years, the Fund returned 3.4% per annum, trailing the interim total fund benchmark by 0.1%, and ranking in the 16<sup>th</sup> percentile of the Independent Consultant Cooperative's Public Funds > \$1 Billion Universe.
  - For the five-year period, active management detracted 30 basis points of value while adding no volatility.
- For the fiscal year ending June 30, 2010, the Fund returned 14.3%, outperforming the interim total fund benchmark by 2.0%, and ranking in the 25<sup>th</sup> percentile of public funds > \$1 billion.
  - For the one-year period, active management added 70 basis points of value while lowering volatility for the period by 50 basis points.
- For the quarter, the Fund posted a -2.7% return, outperforming the interim total fund benchmark by 0.5% and ranking in the 12<sup>th</sup> percentile of public funds > \$1 billion.
  - For the quarter, active management added 60 basis points of value.
- All asset classes were within policy ranges on June 30, 2010

Note: All performance, ranks, asset allocation and asset growth detailed above and throughout this report are as of June 30, 2010, unless otherwise noted, and take into account an unrealized loss of \$4,320,449 in the Fund's securities lending cash collateral reinvestment pool. The unrealized loss was accounted for in June 2009 performance calculations, which negatively impacted performance by 51 basis points at the Total Fund level for the month. This impact will be negated over time as market conditions improve and pricing of fixed income assets becomes more normalized, assuming there are no impairments or defaults in the pool. To date, State Street (who manages the Fund's securities lending program), has not experienced any impairments or defaults in the Fund's securities lending cash collateral reinvestment pool.

## Plan Update

- Effective August 2, 2010, RS Investments took over management of the interim small cap equity portfolio that Russell had been overseeing since May 2010.
  - \$60 Million U.S. Small Cap Value mandate
- In aggregate, Seix and Mackay Shields have returned \$21.5 million of the \$100 million they invested in September 2009
  - Seix has returned \$13.5 million as of June 30, 2010.
  - Mackay Shields has returned \$8.0 million as of June 30, 2010.
- Approved the hiring of American Realty Advisors to take over management of the separately managed real estate portfolios currently being managed by Kennedy Associates and MIG. Also, the Fund will terminate its investment in MEPT and invest in the American Realty Advisors Core Real Estate Fund.
- Recently Completed Search Activity
  - Direct Lending
  - Commodities

# Fund Allocation

	Market Value	Percent of Total Assets	Interim Policy Target	Difference	Long Term Policy Target <sup>1</sup>	Difference	Range
<b>TOTAL FUND</b>	<b>\$2,303,332,589</b>	<b>100.0%</b>					
<b>TOTAL EQUITY</b>	<b>\$904,065,215</b>	<b>39.3%</b>	<b>40.0%</b>	<b>(0.7%)</b>	<b>40.0%</b>	<b>(0.7%)</b>	<b>30-50%</b>
<b>TOTAL U.S. EQUITY</b>	<b>\$453,446,678</b>	<b>19.7%</b>	<b>23.0%</b>	<b>(3.3%)</b>	<b>23.0%</b>	<b>(3.3%)</b>	
<i>U.S. Large Cap Equity</i>	\$331,512,556	14.4%	18.0%	(3.6%)	18.0%	(3.6%)	
<i>U.S. Small Cap Equity</i>	\$121,934,121	5.3%	5.0%	0.3%	5.0%	0.3%	
<b>TOTAL NON-U.S. EQUITY</b>	<b>\$398,257,570</b>	<b>17.3%</b>	<b>17.0%</b>	<b>0.3%</b>	<b>17.0%</b>	<b>0.3%</b>	
<i>Non-U.S. Developed Markets</i>	\$260,499,179	11.3%	12.0%	(0.7%)	12.0%	(0.7%)	
<i>Non-U.S. Emerging Markets</i>	\$137,758,391	6.0%	5.0%	1.0%	5.0%	1.0%	
<b>CONVERTIBLE BONDS<sup>2</sup></b>	<b>\$52,360,967</b>	<b>2.3%</b>	<b>0.0%</b>	<b>2.3%</b>	<b>0.0%</b>	<b>2.3%</b>	
<b>TOTAL FIXED INCOME</b>	<b>\$873,403,044</b>	<b>37.9%</b>	<b>36.0%</b>	<b>1.9%</b>	<b>25.0%</b>	<b>12.9%</b>	<b>15-35%</b>
<i>Core Bonds</i>	\$220,224,443	9.6%	11.0%	(1.4%)	5.0%	4.6%	
<i>TIPS</i>	\$336,332,240	14.6%	15.0%	(0.4%)	10.0%	4.6%	
<i>Long Bonds</i>	\$131,748,997	5.7%	5.0%	0.7%	5.0%	0.7%	
<i>Opportunistic Credit</i>	\$185,097,364	8.0%	5.0%	3.0%	5.0%	3.0%	
<b>PRIVATE EQUITY</b>	<b>\$106,230,113</b>	<b>4.6%</b>	<b>4.0%</b>	<b>0.6%</b>	<b>5.0%</b>	<b>(0.4%)</b>	<b>0-10%</b>
<b>REAL ESTATE</b>	<b>\$181,733,799</b>	<b>7.9%</b>	<b>10.0%</b>	<b>(2.1%)</b>	<b>10.0%</b>	<b>(2.1%)</b>	<b>5-15%</b>
<b>INFLATION-LINKED ASSETS<sup>3</sup></b>	<b>\$228,211,403</b>	<b>9.9%</b>	<b>10.0%</b>	<b>(0.1%)</b>	<b>10.0%</b>	<b>(0.1%)</b>	<b>5-15%</b>
<b>ABSOLUTE RETURN</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>(5.0%)</b>	<b>0-10%</b>
<b>OPPORTUNISTIC INVESTMENTS</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>(5.0%)</b>	<b>0-10%</b>
<b>CASH</b>	<b>\$14,009,464</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.6%</b>	
<b>SECURITIES LENDING<sup>4</sup></b>	<b>(\$4,320,449)</b>	<b>-0.2%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	

<sup>1</sup>New asset allocation targets adopted by the Board of Administration at the October 1, 2009 meeting.

<sup>2</sup>Convertible bond allocation included within total equity allocation.

<sup>3</sup>Inflation-Linked Assets currently includes passive exposure to the Dow Jones UBS Commodity Index.

<sup>4</sup>Unrealized losses in the Fund's securities lending cash collateral reinvestment pool.

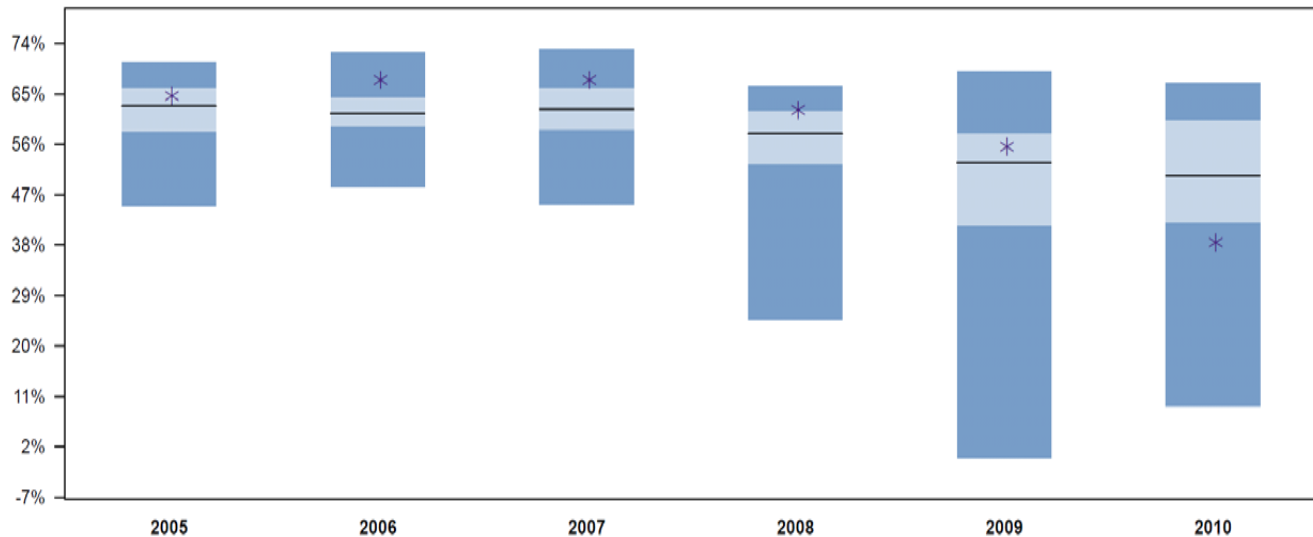
# Public Funds > \$1 Billion – Public Equity Commitment

## San Jose Police & Fire

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion

Period Ending June 30, 2010

### Commitment to Equity (%)



	2005	2006	2007	2008	2009	2010
* TOTAL FUND	65.0 28	67.8 13	67.9 17	62.5 17	55.9 36	38.8 83
5th Percentile	70.6	72.4	72.9	66.3	69.0	67.0
25th Percentile	66.0	64.4	66.1	62.1	58.0	60.4
50th Percentile	62.8	61.5	62.3	57.9	52.7	50.4
75th Percentile	58.2	59.1	58.4	52.4	41.3	42.0
95th Percentile	45.0	48.4	45.3	24.7	0.0	9.3

Note: Includes allocation to non-U.S. equities and convertible bonds.

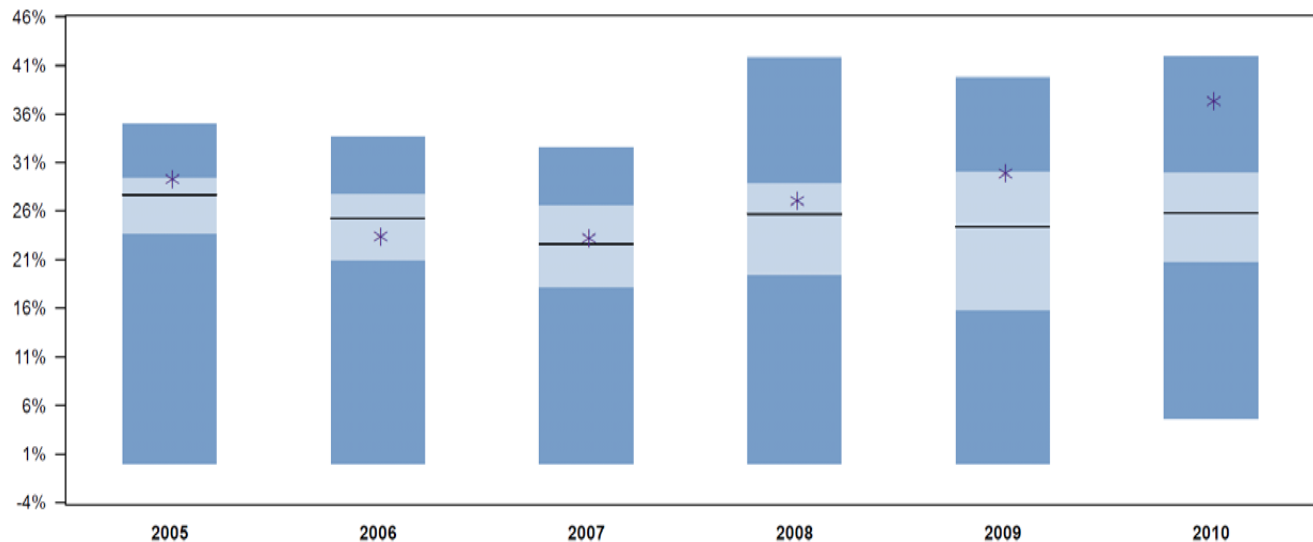
Excludes manager cash held in separately managed portfolios.

# Public Funds > \$1 Billion – Public Fixed Income Commitment

## San Jose Police & Fire

Total Fund Allocation - Universe: Public Funds (DB) > \$1 Billion  
 Period Ending June 30, 2010

### Commitment to Fixed Income (%)



	2005	24	2006	63	2007	46	2008	35	2009	27	2010	6
* TOTAL FUND	29.5		23.6		23.4		27.3		30.1		37.5	
5th Percentile	35.0		33.7		32.6		41.8		39.8		41.9	
25th Percentile	29.5		27.8		26.7		28.9		30.1		30.0	
50th Percentile	27.7		25.3		22.6		25.7		24.4		25.8	
75th Percentile	23.6		20.9		18.1		19.4		15.7		20.7	
95th Percentile	0.0		0.0		0.0		0.0		0.0		4.6	

Note: Excludes manager cash held in separately managed portfolios.

# Total Fund Performance

	Ending Market Value	Last 3 Months	Rank	Calendar YTD		Fiscal YTD		Three Years		Five Years		Seven Years		Ten Years		Since Inception (Feb-1971)
				YTD	Rank	YTD	Rank	Rank	Rank	Rank	Rank	Rank	Rank			
<b>Total Fund</b>	\$2,303,332,589	-2.7%	12	-0.3%	14	14.3%	25	-3.8%	25	3.4%	16	6.2%	12	4.8%	7	8.9%
<b>Total Fund (Net)</b> <sup>1</sup>		-2.7%		-0.5%		14.0%		-4.1%		3.1%		5.9%		4.5%		8.6%
<i>Allocation Index</i>		-3.3%	19	-1.1%	41	13.6%	35	-3.8%	21	3.7%	11	6.5%	8	4.2%	16	--
<i>Interim Total Fund Benchmark</i> <sup>3</sup>		-3.2%	18	-1.2%	44	12.3%	55	-3.9%	27	3.5%	12	6.5%	8	3.6%	26	--
<i>Total Fund Benchmark</i> <sup>3</sup>		-3.6%	24	-1.6%	55	12.2%	60	-4.4%	44	3.1%	27	5.7%	27	3.9%	18	--
<i>60% S&amp;P 500 / 40% BC Aggregate</i>		-5.6%		-1.8%		12.8%		-2.7%		2.0%		4.0%		1.9%		
<i>CPI</i>		-0.4%		-0.1%		1.1%		1.5%		2.3%		2.4%		2.3%		
<i>ICC Public Funds &gt; \$ 1 Billion Median</i>		-4.8%		-1.4%		13.1%		-4.7%		2.7%		5.4%		3.0%		
		<u>Estimated PBO</u> <sup>2</sup>														
<i>Citigroup Pension Liability Index</i>	\$3,260,257,467	13.3%		11.9%		19.4%		11.5%		5.2%		6.3%		10.5%		
<i>Over/Underfunded \$</i>	(\$956,924,878)															
<i>Funded Ratio</i>	70.6%															

## Total Fund Asset Growth Summary (\$000)

	One Quarter	Year to Date	One Year
<b>TOTAL FUND</b>			
<b>Beginning Market Value</b>	2,401,836	2,388,866	2,046,870
<b>Net External Growth</b>	-33,057	-74,938	-65,931
<b>Return on Investment</b>	-65,446	-10,595	322,394
<b>Income Received</b>	7,157	16,650	48,225
<b>Gain/Loss</b>	-72,603	-27,246	274,168
<b>Ending Market Value</b>	2,303,333	2,303,333	2,303,333

<sup>1</sup>Net of fee returns longer than one year are estimates based on an estimated annual investment management expense ratio of 30 basis points.

<sup>2</sup>Estimated Pension Benefit Obligation (PBO) calculated assuming a duration of liabilities of 13 years.

<sup>3</sup>Interim Total Fund and Total Fund Benchmark history can be found in the appendix.



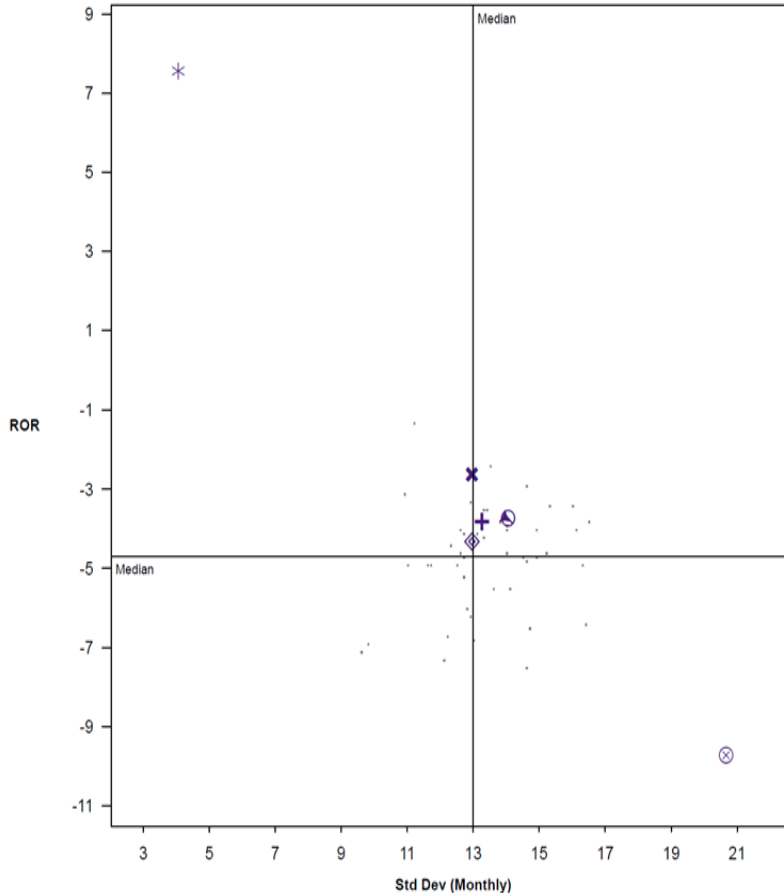
# Public Funds > \$1 Billion – 3 Year Return/Volatility

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending June 30, 2010

### Risk vs. Return - 3 Year



NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	-3.8 25	14.0 70	-0.4 30
⊙ Allocation Index	-3.8 21	14.1 71	-0.4 28
+ Interim TF Benchmark	-3.9 27	13.3 54	-0.4 39
◆ TF Benchmark	-4.4 44	13.0 50	-0.5 51
⊗ S&P 500	-9.8 100	20.7 99	-0.5 73
* BC AGGREGATE	7.5 3	4.1 1	1.5 4
✱ 60% S&P 500/40% BARCLAYS AGG	-2.7 7	13.0 50	-0.3 18
Median	-4.7	13.0	-0.5

Note: Returns are gross of fees.

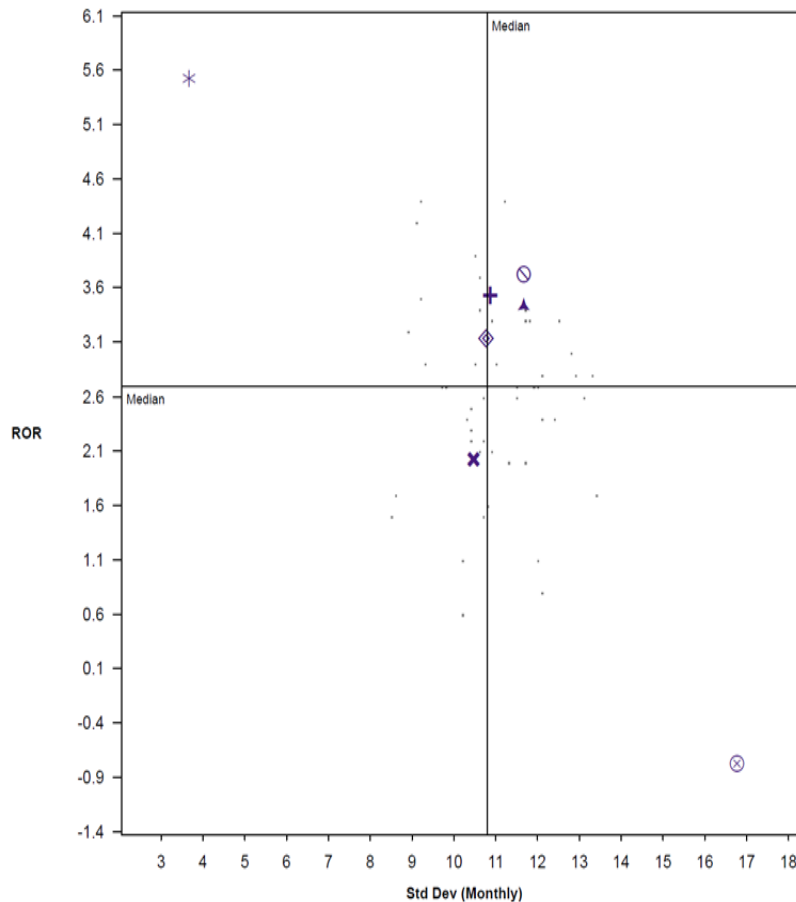
# Public Funds > \$1 Billion – 5 Year Return/Volatility

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending June 30, 2010

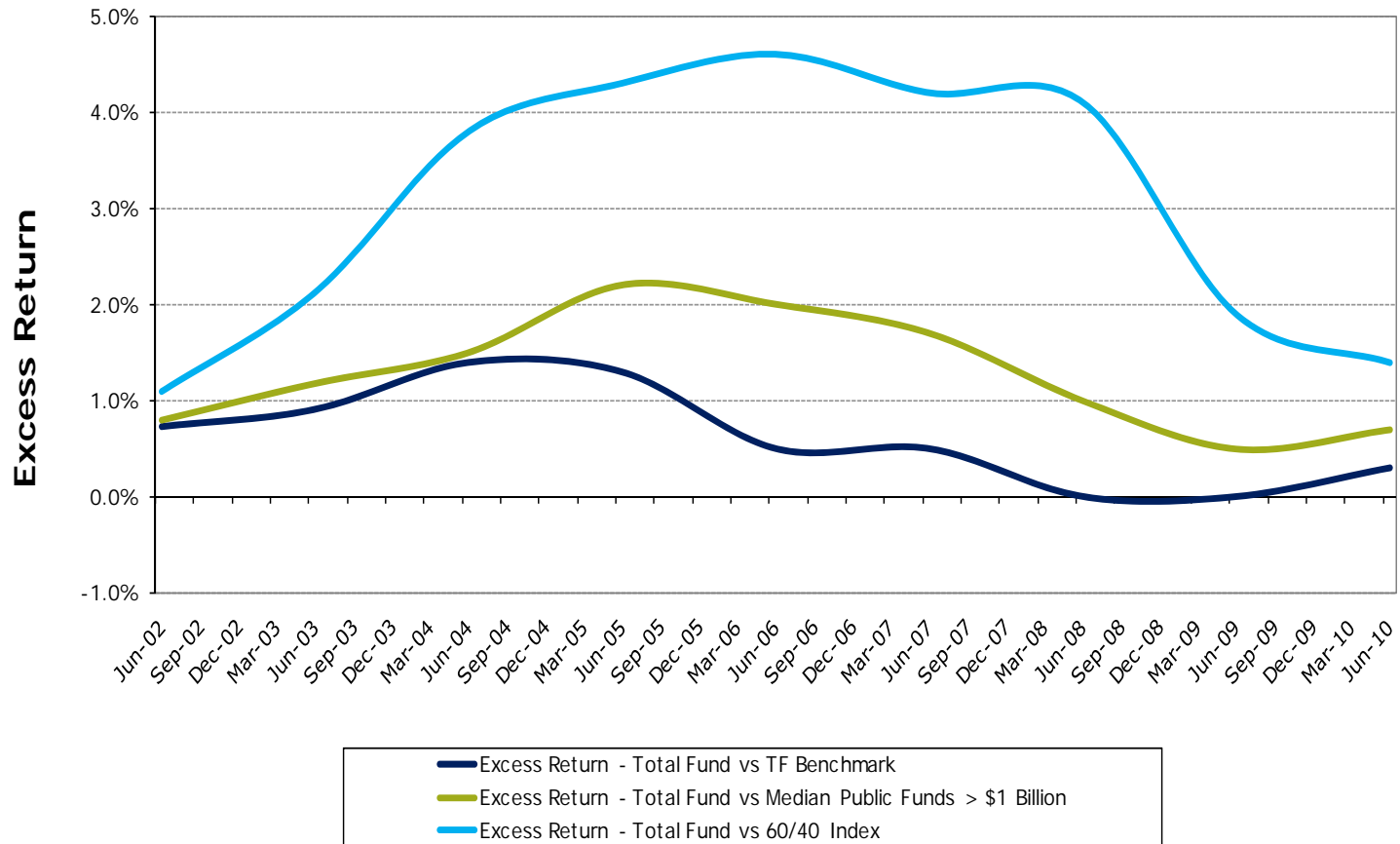
### Risk vs. Return - 5 Year



NAME	Return	Standard Deviation	Sharpe Ratio
▲ TOTAL FUND	3.4 16	11.7 72	0.1 13
⊙ Allocation Index	3.7 11	11.7 72	0.1 8
+ Interim TF Benchmark	3.5 12	10.9 56	0.1 10
◆ TF Benchmark	3.1 27	10.8 50	0.0 28
⊗ S&P 500	-0.8 100	16.8 99	-0.2 96
* BC AGGREGATE	5.5 2	3.7 1	0.7 4
✕ 60% S&P 500/40% BARCLAYS AGG	2.0 78	10.5 36	-0.1 74
Median	2.7	10.8	-0.0

Note: Returns are gross of fees.

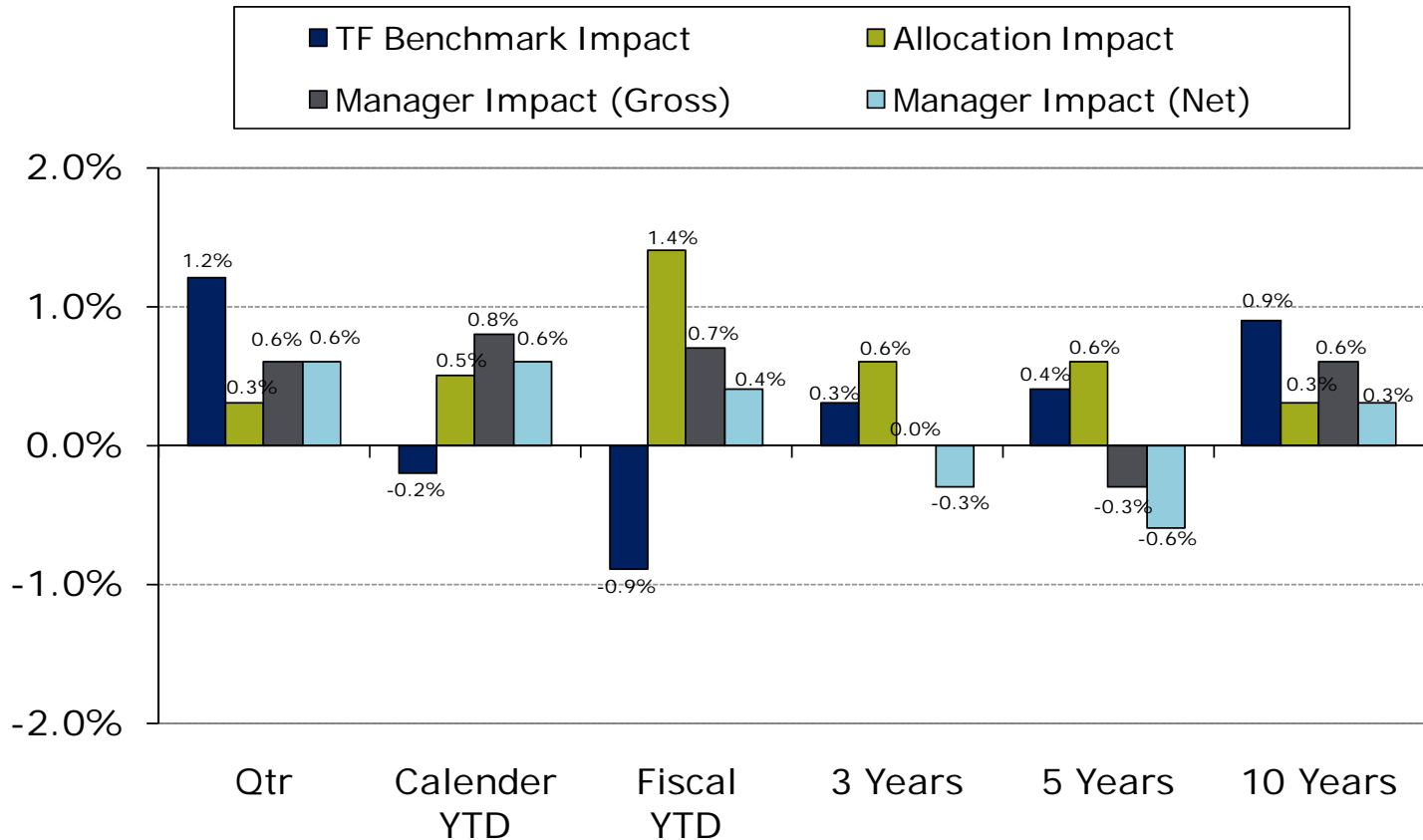
# Rolling 5-Year Excess Returns



Note: Returns are gross of fees.



# Performance Attribution



**TF Benchmark Impact:** The policy index is calculated by multiplying the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). The policy impact, which is the difference between the policy index and the median fund's performance, measures the effectiveness of Plan Structure.

**Allocation Impact:** The allocation index is calculated by multiplying the actual asset class weights times the return of the respective passive benchmark. When the policy index is subtracted from the allocation index, the result measures the impact of deviating from the target weights.

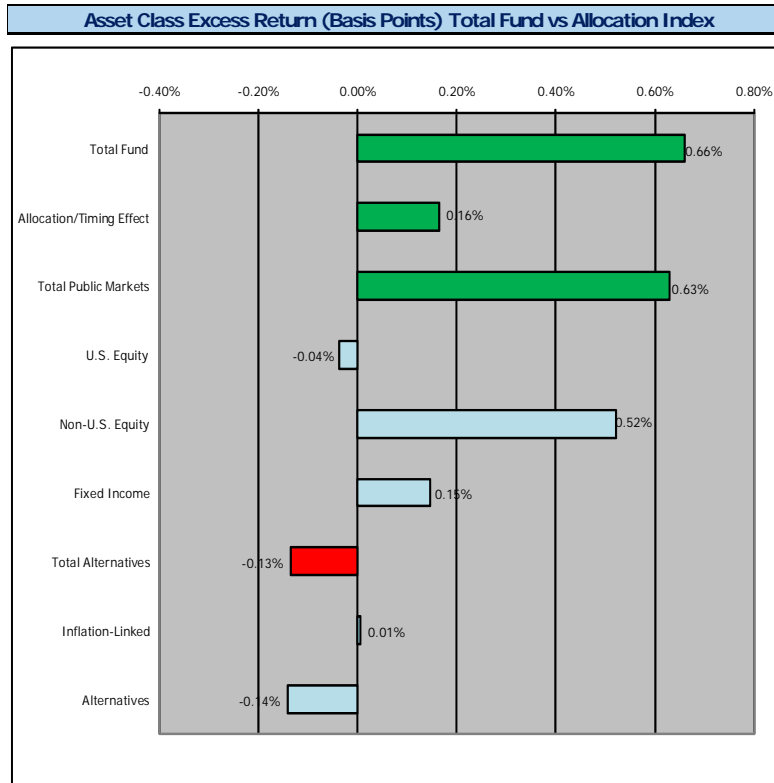
**Manager Impact:** The Composite is calculated by multiplying the actual asset class weights times the actual manager return. The allocation index is then subtracted from the Composite. The result, manager impact, measures the contribution of active management.

Note: Returns are gross of fees.

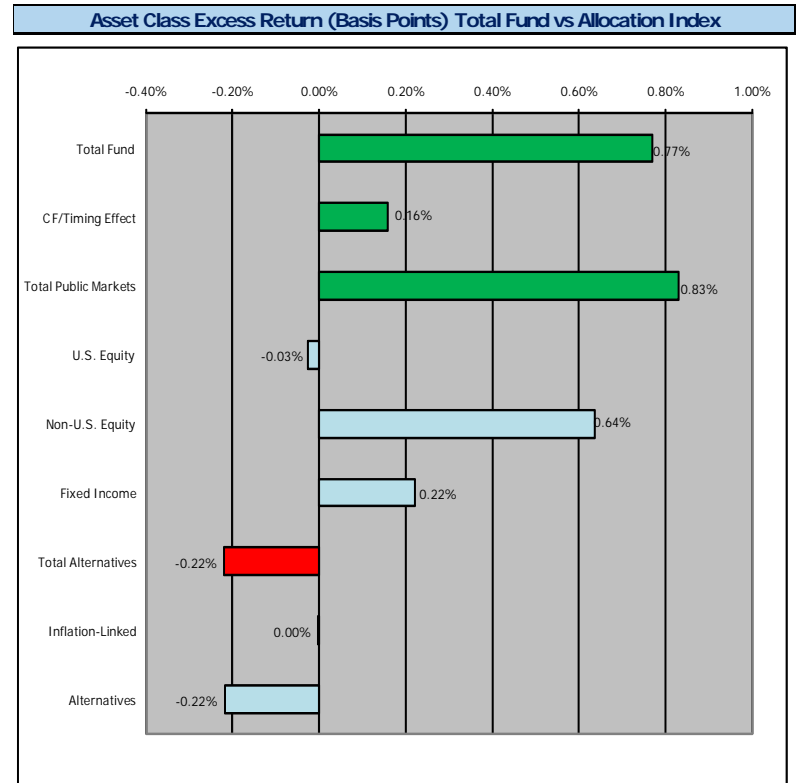


# Performance Attribution

## 2Q 2010



## 2010 Calendar YTD



Note: U.S. Equity Attribution includes attribution from Calamos Convertible Bond Fund.

# Performance Summary by Asset Class

	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	Fiscal YTD	Rank	Annualized Returns							
								Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank
<b>Total Domestic Equity Composite</b>	<b>\$453,446,678</b>	<b>-11.1%</b>	<b>58</b>	<b>-5.4%</b>	<b>57</b>	<b>14.1%</b>	<b>72</b>	<b>-10.1%</b>	<b>76</b>	<b>-0.9%</b>	<b>80</b>	<b>3.7%</b>	<b>79</b>	<b>0.3%</b>	<b>73</b>
<i>Russell 3000</i>		-11.3%	62	-6.0%	65	15.7%	60	-9.5%	68	-0.5%	72	3.5%	83	-0.9%	80
<i>S&amp;P 500</i>		-11.4%	64	-6.7%	72	14.4%	70	-9.8%	73	-0.8%	78	2.8%	91	-1.6%	86
<i>Performance Variance (vs. Russell 3000)</i>		0.2%		0.7%		-1.6%		-0.6%		-0.5%		0.3%		1.2%	
<i>ICC U.S. Equity Funds Median</i>		-10.5%		-4.5%		17.4%		-7.9%		1.0%		5.5%		3.5%	
<b>Total Convertible Bonds Composite</b>	<b>\$52,360,967</b>	<b>-6.0%</b>		<b>-2.0%</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>	
<i>ML Global 300 Convertible Index</i>		-4.8%		-1.1%		15.5%		-2.0%		4.3%		4.5%		2.1%	
<i>Performance Variance</i>		-1.2%		-0.9%		n/a		n/a		n/a		n/a		n/a	
<b>Total International Equity Composite</b>	<b>\$398,257,570</b>	<b>-8.7%</b>	<b>25</b>	<b>-6.6%</b>	<b>30</b>	<b>15.1%</b>	<b>31</b>	<b>-9.2%</b>	<b>37</b>	<b>5.0%</b>	<b>30</b>	<b>10.9%</b>	<b>24</b>	<b>5.7%</b>	<b>23</b>
<i>MSCI ACWI ex-U.S. (Net)</i>		-12.4%	67	-11.1%	61	10.4%	52	-10.7%	54	3.4%	50	8.9%	50	1.9%	78
<i>Performance Variance</i>		3.8%		4.5%		4.7%		1.5%		1.6%		2.0%		3.9%	
<i>ICC Int'l Equity Funds Median</i>		-11.8%		-10.3%		10.6%		-10.5%		3.4%		8.9%		4.4%	
<b>Total Fixed Income Composite</b>	<b>\$873,403,044</b>	<b>4.3%</b>	<b>12</b>	<b>6.3%</b>	<b>24</b>	<b>16.0%</b>	<b>32</b>	<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>	
<i>BC Aggregate</i>		3.5%	29	5.3%	49	9.5%	73	7.5%	50	5.5%	66	5.0%	70	6.5%	67
<i>Performance Variance</i>		0.8%		0.9%		6.5%		n/a		n/a		n/a		n/a	
<i>ICC Fixed Income Median</i>		2.8%		5.3%		13.0%		7.5%		6.0%		5.6%		6.9%	
<b>Total Real Estate Composite</b>	<b>\$181,733,799</b>	<b>2.0%</b>		<b>2.8%</b>		<b>0.3%</b>		<b>-0.8%</b>		<b>4.9%</b>		<b>4.8%</b>		<b>5.8%</b>	
<i>NCREIF Property Index</i>		3.3%		4.1%		-1.5%		-4.7%		3.8%		6.7%		7.2%	
<i>Performance Variance</i>		-1.3%		-1.3%		1.8%		3.9%		1.1%		-1.9%		-1.4%	
<b>Total Private Equity Composite</b>	<b>\$106,230,113</b>	<b>3.4%</b>		<b>7.4%</b>		<b>16.6%</b>		<b>6.6%</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>	
<i>Cambridge Associates Priv Equity Index (1 Qtr Lag)</i>		4.4%		10.5%		22.5%		1.2%		11.9%		15.6%		7.5%	
<i>Russell 2000</i>		-9.9%		-2.0%		21.5%		-8.6%		0.4%		5.8%		3.0%	
<i>Performance Variance (vs. Cambridge PE)</i>		-1.0%		-3.2%		-5.9%		5.4%		n/a		n/a		n/a	
<b>Total Inflation-Linked Assets Composite<sup>1</sup></b>	<b>\$228,211,403</b>	<b>-4.8%</b>		<b>-9.6%</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>	
<i>Dow Jones/UBS Commodities Index</i>		-4.8%		-9.6%		2.7%		-8.4%		-1.3%		3.5%		4.4%	
<i>Performance Variance</i>		0.1%		0.0%		n/a		n/a		n/a		n/a		n/a	

<sup>1</sup>Inflation-Linked Assets Composite currently consists of passive exposure to the Dow Jones/UBS Commodities Index through swap agreements. Russell is currently providing oversight of these assets.

<sup>2</sup>NEPC began calculating cash returns as of April 1, 2008 due to inconsistent historical data received from the prior consultant.

<sup>3</sup>The Unrealized losses in the Plan's securities lending cash collateral reinvestment pool.



# Performance Summary – Domestic Large Cap Equity

Weight in Fund	Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	Fiscal YTD	Rank	Annualized Returns								Since Inception	Inception Date	
								Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank			
<b>14.4%</b>	<b>Domestic Large Cap Equity Composite</b>	<b>\$331,512,556</b>	<b>-11.6%</b>	<b>45</b>	<b>-6.6%</b>	<b>47</b>	<b>12.8%</b>	<b>69</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
	Domestic Large Cap Equity Composite (Net)		-11.6%		-6.7%		12.6%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Russell 1000		-11.4%	41	-6.4%	43	15.2%	40	-9.5%	55	-0.6%	62	3.3%	75	-1.2%	75		
	ICC Large Cap Equity Funds Median		-11.7%		-6.8%		14.4%		-9.1%		-0.1%		4.1%		2.1%			
	<b>Large Cap Value Equity</b>																	
<b>4.9%</b>	<b>ROBECO/Boston Partners</b>	<b>\$113,724,988</b>	<b>-11.7%</b>	<b>46</b>	<b>-5.7%</b>	<b>48</b>	<b>14.6%</b>	<b>70</b>	<b>-8.0%</b>	<b>6</b>	<b>2.1%</b>	<b>4</b>	<b>6.2%</b>	<b>6</b>	<b>5.6%</b>	<b>23</b>	<b>7.4%</b>	<b>Jul-96</b>
	ROBECO/Boston Partners (Net)		-11.8%		-5.8%		14.4%		-8.2%		1.8%		5.9%		5.3%		7.1%	
	Russell 1000 Value		-11.1%	31	-5.1%	31	16.9%	43	-12.3%	65	-1.6%	73	3.5%	74	2.4%	92	6.1%	
	Russell 1000 Value + 1.0%		-10.9%		-4.6%		17.9%		-11.3%		-0.6%		4.5%		3.4%		7.1%	
	Performance Variance		-0.9%		-1.2%		-3.5%		3.1%		2.4%		1.4%		1.9%		0.0%	
	ICC Large Cap Value Median		-11.8%		-5.9%		16.4%		-11.8%		-1.1%		4.5%		4.3%		--	
	<b>Large Cap Growth Equity</b>																	
<b>4.6%</b>	<b>Rhumbline Russell 1000 Growth<sup>1</sup></b>	<b>\$104,875,349</b>	<b>-11.6%</b>	<b>50</b>	<b>-7.5%</b>	<b>43</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-7.5%</b>	<b>Dec-09</b>	
	Rhumbline Russell 1000 Growth (Net)		-11.6%		-7.5%		n/a		n/a		n/a		n/a		n/a		-7.5%	
	Russell 1000 Growth		-11.7%	52	-7.6%	45	13.6%	40	-6.9%	52	0.4%	60	2.9%	82	-5.1%	98	-7.6%	
	Performance Variance		0.1%		0.1%		n/a		n/a		n/a		n/a		n/a		0.1%	
	ICC Large Cap Growth Median		-11.7%		-7.8%		12.9%		-6.5%		0.8%		4.1%		-1.5%		--	
	<b>Large Cap Core Equity</b>																	
<b>4.9%</b>	<b>Rhumbline Russell 1000<sup>1</sup></b>	<b>\$112,912,214</b>	<b>-11.4%</b>	<b>38</b>	<b>-6.4%</b>	<b>41</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-6.4%</b>	<b>Dec-09</b>	
	Rhumbline Russell 1000 (Net)		-11.4%		-6.4%		n/a		n/a		n/a		n/a		n/a		-6.4%	
	Russell 1000		-11.4%	41	-6.4%	41	15.2%	40	-9.5%	48	-0.6%	62	3.3%	79	-1.2%	87	-6.4%	
	Performance Variance		0.0%		0.0%		n/a		n/a		n/a		n/a		n/a		0.0%	
	ICC Large Cap Core Median		-11.7%		-6.7%		14.5%		-9.6%		-0.2%		4.2%		2.9%		--	

<sup>1</sup> Rhumbline Russell 1000 Growth and Russell 1000 Index portfolios were funded in December 2009 as part of the restructuring of the Fund's domestic large cap equity allocation.

Note: Domestic Large Cap Equity Composite includes \$5 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

# Performance Summary – Domestic Small Cap Equity

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	Fiscal YTD	Rank	Annualized Returns								Inception Date	
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank		Since Inception
5.3%	<b>Domestic Small Cap Equity Composite</b>	\$121,934,121	-9.7%	66	-1.7%	58	20.5%	66	n/a		n/a		n/a		n/a			
	Domestic Small Cap Equity Composite (Net)		-9.7%		-1.7%		20.5%		n/a		n/a		n/a		n/a			
	Russell 2000		-9.9%	70	-2.0%	64	21.5%	60	-8.6%	74	0.4%	79	5.8%	86	3.0%	81		
	<b>ICC Small Cap Equity Funds Median</b>		<b>-9.0%</b>		<b>-1.4%</b>		<b>23.0%</b>		<b>-6.7%</b>		<b>2.8%</b>		<b>8.1%</b>		<b>8.0%</b>			
	<b>Small Cap Core Equity</b>																	
2.1%	<b>Russell (formerly SSGM, TCW)<sup>1</sup></b>	\$49,468,584	-9.6%	61	-1.3%	51	22.1%	67	-13.0%	99	-2.3%	97	3.1%	98	n/a	2.8%	Nov-01	
	Russell (formerly SSGM, TCW)		-9.6%		-1.3%		22.1%		-13.1%		-2.7%		2.6%		n/a	2.2%		
	Russell 2000		-9.9%	68	-2.0%	68	21.5%	70	-8.6%	76	0.4%	78	5.8%	87	3.0%	97	5.5%	
	<b>Performance Variance</b>		<b>0.4%</b>		<b>-0.3%</b>		<b>0.6%</b>		<b>-4.5%</b>		<b>-3.1%</b>		<b>-3.2%</b>		<b>n/a</b>	<b>-3.3%</b>		
3.1%	<b>Rhumbline Russell 2000</b>	\$72,464,737	-9.9%	66	-2.0%	68	21.3%	71	-8.5%	74	0.5%	75	n/a	n/a	n/a	0.8%	Dec-04	
	Rhumbline Russell 2000 (Net)		-9.9%		-2.0%		21.2%		-8.5%		0.4%		n/a		n/a	0.8%		
	Russell 2000		-9.9%	68	-2.0%	68	21.5%	70	-8.6%	76	0.4%	78	5.8%	87	3.0%	97	0.6%	
	<b>Performance Variance</b>		<b>0.1%</b>		<b>-0.1%</b>		<b>-0.3%</b>		<b>0.1%</b>		<b>0.0%</b>		<b>n/a</b>		<b>n/a</b>	<b>0.1%</b>		
	<b>ICC Small Cap Core Median</b>		<b>-9.3%</b>		<b>-1.3%</b>		<b>23.9%</b>		<b>-6.7%</b>		<b>2.6%</b>		<b>8.3%</b>		<b>9.5%</b>	<b>--</b>		
2.3%	<b>Convertible Bonds Composite<sup>2</sup></b>	\$52,360,967	-6.0%		-2.0%		n/a		n/a		n/a		n/a		n/a			
	Convertible Bonds Composite (Net)		-6.1%		-2.3%		n/a		n/a		n/a		n/a		n/a			
	ML Global 300 Convertible Index		-4.8%		-1.1%		15.5%		-2.0%		4.3%		4.5%		2.1%			
2.3%	<b>Calamos<sup>2</sup></b>	\$52,360,967	-6.0%		-2.0%		n/a		n/a		n/a		n/a		n/a	4.9%	Sep-09	
	Calamos (Net)		-6.1%		-2.3%		n/a		n/a		n/a		n/a		n/a	4.6%		
	ML Global 300 Convertible Index		-4.8%		-1.1%		15.5%		-2.0%		4.3%		4.5%		2.1%	3.1%		
	ML Global 300 Convertible Index + 1.0%		-4.6%		-0.6%		16.5%		-1.0%		5.3%		5.5%		3.1%	4.0%		
	<b>Performance Variance</b>		<b>-1.5%</b>		<b>-1.7%</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>		<b>n/a</b>	<b>0.7%</b>		

<sup>1</sup>Performance shown reflects the Fund's investment in the TCW Small Cap Value portfolio from November 2001 – February 2008. State Street Global Markets managed the portfolio from March 1, 2008 – May 7, 2010. Russell Implementation Services took over management of the portfolio on an interim basis on May 7, 2010.

<sup>2</sup>The SJP&F allocation to convertible bonds is a global mandate managed by Calamos and included within the Fund's equity allocation. However, performance is not reflected in any of the equity composites shown in this report.

Note: Domestic Small Cap Equity Composite includes \$800 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.



# Performance Summary – International Equity

Weight in Fund	Ending Market Value	Last 3 Months		Calendar YTD		Fiscal YTD		Three Years		Five Years		Seven Years		Ten Years		Since Inception	Inception Date
		Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank			
<b>17.3%</b> <b>Total International Equity Composite</b>	<b>\$398,257,570</b>	<b>-8.7%</b>	<b>25</b>	<b>-6.6%</b>	<b>30</b>	<b>15.1%</b>	<b>31</b>	<b>-9.2%</b>	<b>37</b>	<b>5.0%</b>	<b>30</b>	<b>10.9%</b>	<b>24</b>	<b>5.7%</b>	<b>23</b>		
Total International Equity Composite (Net)		-8.8%		-7.0%		14.3%		-9.8%		4.3%		10.1%		5.0%			
MSCI ACWI ex-U.S. (Net)		-12.4%	67	-11.1%	61	10.4%	52	-10.7%	54	3.4%	50	8.9%	50	1.9%	78		
ICC Int'l Equity Funds Median		-11.8%		-10.3%		10.6%		-10.5%		3.4%		8.9%		4.4%			
<b>11.3%</b> <b>Developed International Equity Composite</b>	<b>\$260,499,179</b>	<b>-8.9%</b>	<b>18</b>	<b>-6.4%</b>	<b>21</b>	<b>12.5%</b>	<b>32</b>	<b>-11.3%</b>	<b>54</b>	<b>3.0%</b>	<b>48</b>	<b>8.8%</b>	<b>47</b>	<b>3.0%</b>	<b>67</b>		
Developed International Equity Composite (Net)		-9.0%		-6.7%		11.9%		-11.8%		2.5%		8.1%		2.4%			
MSCI EAFE (Net)		-14.0%	86	-13.2%	84	5.9%	81	-13.4%	83	0.9%	89	6.7%	92	0.2%	96		
<b>5.4%</b> <b>Brandes</b>	<b>\$125,236,050</b>	<b>-11.4%</b>	<b>35</b>	<b>-9.6%</b>	<b>34</b>	<b>6.8%</b>	<b>75</b>	<b>-11.3%</b>	<b>54</b>	<b>2.7%</b>	<b>54</b>	<b>9.5%</b>	<b>34</b>	<b>4.4%</b>	<b>44</b>	<b>9.5%</b>	<b>Jan-97</b>
Brandes (Net)		-11.5%		-9.8%		6.3%		-11.8%		2.2%		8.9%		3.9%		8.9%	
MSCI EAFE (Net)		-14.0%	86	-13.2%	84	5.9%	81	-13.4%	83	0.9%	89	6.7%	92	0.2%	96	3.1%	
MSCI EAFE (Net) + 1.5%		-13.6%		-12.5%		7.4%		-11.9%		2.4%		8.2%		1.7%		4.6%	
Performance Variance		2.1%		2.7%		-1.1%		0.1%		-0.2%		0.7%		2.2%		4.3%	
<b>5.9%</b> <b>William Blair</b>	<b>\$135,261,882</b>	<b>-6.5%</b>	<b>5</b>	<b>-3.3%</b>	<b>9</b>	<b>18.9%</b>	<b>6</b>	<b>-9.9%</b>	<b>32</b>	<b>4.4%</b>	<b>25</b>	<b>10.1%</b>	<b>25</b>	<b>n/a</b>	<b>8.0%</b>	<b>Feb-02</b>	
William Blair (Net)		-6.6%		-3.6%		18.2%		-10.5%		3.8%		9.4%		n/a		7.3%	
MSCI ACWI ex-U.S. (Net)		-12.4%	59	-11.1%	51	10.4%	41	-10.7%	46	3.4%	43	8.9%	44	1.9%	76	7.1%	
MSCI ACWI ex-U.S. (Net) + 1.5%		-12.1%		-10.3%		11.9%		-9.2%		4.9%		10.4%		3.4%		8.6%	
Performance Variance		5.4%		6.7%		6.2%		-1.3%		-1.1%		-1.0%		n/a		-1.3%	
ICC Int'l Developed Mkts Equity Median		-12.1%		-11.0%		9.1%		-11.0%		2.9%		8.6%		4.1%		--	
<b>6.0%</b> <b>Emerging Markets Equity Composite</b>	<b>\$137,758,391</b>	<b>-8.2%</b>	<b>50</b>	<b>-7.0%</b>	<b>70</b>	<b>23.9%</b>	<b>47</b>	<b>-1.9%</b>	<b>48</b>	<b>12.2%</b>	<b>54</b>	<b>18.3%</b>	<b>71</b>	<b>n/a</b>			
Emerging Markets Equity Composite (Net)		-8.4%		-7.5%		22.7%		-2.9%		11.1%		17.1%		n/a			
MSCI Emg Mkts Free (Net)		-8.4%	52	-6.2%	59	23.2%	58	-2.5%	49	12.7%	48	18.4%	71	10.0%	61		
<b>2.9%</b> <b>AllianceBernstein</b>	<b>\$67,696,663</b>	<b>-8.9%</b>	<b>56</b>	<b>-7.5%</b>	<b>77</b>	<b>24.9%</b>	<b>41</b>	<b>-4.8%</b>	<b>76</b>	<b>10.9%</b>	<b>82</b>	<b>17.6%</b>	<b>88</b>	<b>n/a</b>	<b>16.9%</b>	<b>Sep-01</b>	
AllianceBernstein (Net)		-9.2%		-8.2%		23.7%		-5.7%		9.8%		16.5%		n/a		15.8%	
MSCI Emg Mkts Free (Net)		-8.4%	52	-6.2%	59	23.2%	58	-2.5%	49	12.7%	48	18.4%	71	10.0%	61	16.3%	
MSCI Emg Mkts Free (Net) + 2.0%		-7.9%		-5.2%		25.2%		-0.5%		14.7%		20.4%		12.0%		18.3%	
Performance Variance		-1.3%		-3.0%		-1.4%		-5.2%		-4.9%		-3.9%		n/a		-2.5%	
<b>3.0%</b> <b>The Boston Co.</b>	<b>\$70,061,728</b>	<b>-7.5%</b>	<b>37</b>	<b>-6.4%</b>	<b>62</b>	<b>23.2%</b>	<b>55</b>	<b>0.9%</b>	<b>17</b>	<b>13.5%</b>	<b>37</b>	<b>19.0%</b>	<b>50</b>	<b>n/a</b>	<b>18.1%</b>	<b>Sep-01</b>	
The Boston Co. (Net)		-7.7%		-6.8%		21.9%		-0.2%		12.2%		17.7%		n/a		16.8%	
MSCI Emg Mkts Free (Net)		-8.4%	52	-6.2%	59	23.2%	58	-2.5%	49	12.7%	48	18.4%	71	10.0%	61	16.3%	
MSCI Emg Mkts Free (Net) + 2.0%		-7.9%		-5.2%		25.2%		-0.5%		14.7%		20.4%		12.0%		18.3%	
Performance Variance		0.1%		-1.7%		-3.2%		0.3%		-2.5%		-2.7%		n/a		-1.5%	
ICC Int'l Emerging Mkts Equity Median		-8.3%		-5.9%		23.6%		-2.7%		12.4%		19.0%		10.9%		--	

Note: Total International Equity and Developed International Equity Composites include \$1,247 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

"(Net)" next to investment manager or composite refers to net of investment management fees.

"(Net)" next to index refers to net of dividend withholding tax that U.S. investors are subject to when investing outside of the U.S. Investment manager and composite performance is net of dividend withholding tax as well.

# Performance Summary – Fixed Income

Weight in Fund		Ending Market Value	Last 3 Months	Rank	Calendar YTD	Rank	Fiscal YTD	Rank	Annualized Returns									
									Three Years	Rank	Five Years	Rank	Seven Years	Rank	Ten Years	Rank	Since Inception	Inception Date
37.9%	<b>Total Fixed Income Composite</b>	\$873,403,044	4.3%	12	6.3%	24	16.0%	32	n/a		n/a		n/a		n/a			
	Total Fixed Income Composite (Net)		4.3%		6.3%		16.0%		n/a		n/a		n/a		n/a			
	BC Aggregate		3.5%	29	5.3%	49	9.5%	73	7.5%	50	5.5%	66	5.0%	70	6.5%	67		
	ICC Fixed Income Funds Median		2.8%		5.3%		13.0%		7.5%		6.0%		5.6%		6.9%			
9.6%	<b>Domestic Core Fixed Income Composite</b>	\$220,224,443	3.4%	37	4.8%	76	10.7%	68	6.5%	93	5.0%	93	5.1%	72	6.4%	81		
	Domestic Core Fixed Income Composite (Net)		3.4%		4.8%		10.6%		6.3%		4.8%		4.9%		n/a			
	BC Aggregate		3.5%	33	5.3%	60	9.5%	80	7.5%	70	5.5%	76	5.0%	82	6.5%	79		
9.5%	<b>SEIX</b>	\$219,547,244	3.5%	33	5.6%	49	10.4%	71	8.9%	25	6.4%	38	5.8%	31	7.0%	45	6.9%	Sep-99
	SEIX (Net)		3.4%		5.5%		10.3%		8.8%		6.2%		5.7%		6.8%		6.7%	
	BC Aggregate		3.5%	33	5.3%	60	9.5%	80	7.5%	70	5.5%	76	5.0%	82	6.5%	79	6.4%	
	BC Aggregate + 0.5%		3.6%		5.6%		10.0%		8.0%		6.0%		5.5%		7.0%		6.9%	
	Performance Variance		-0.2%		-0.1%		0.3%		0.7%		0.2%		0.2%		-0.2%		-0.2%	
	ICC Core Fixed Income Median		3.2%		5.5%		12.1%		8.1%		6.1%		5.5%		6.8%		--	
5.7%	<b>Domestic Long Duration Fixed Income Composite</b>	\$131,748,997	9.3%	7	11.5%	8	20.9%	19	11.7%	10	6.9%	17	n/a		n/a			
	Domestic Long Duration Fixed Income Composite (Net)		9.2%		11.4%		20.6%		11.4%		6.6%		n/a		n/a			
	BC US Gov't/Credit Long		8.6%	10	10.2%	16	16.5%	52	9.4%	24	5.6%	67	5.9%	40	8.1%	24		
5.7%	<b>Income Research</b>	\$131,748,997	9.3%	7	11.5%	8	20.9%	19	11.7%	10	6.9%	17	n/a		n/a		7.5%	Jan-05
	Income Research (Net)		9.2%		11.4%		20.6%		11.4%		6.6%		n/a		n/a		7.2%	
	BC US Gov't/Credit Long		8.6%	10	10.2%	16	16.5%	52	9.4%	24	5.6%	67	5.9%	40	8.1%	24	6.4%	
	BC US Gov't/Credit Long + 0.5%		8.7%		10.5%		17.0%		9.9%		6.1%		6.4%		8.6%		6.9%	
	Performance Variance		0.5%		0.9%		3.6%		1.5%		0.5%		n/a		n/a		0.3%	
	ICC Long Duration Fixed Income Median		3.9%		6.9%		17.2%		8.2%		6.0%		5.7%		7.4%		--	
14.6%	<b>Treasury Inflation Protected Securities (TIPS)</b>	\$336,332,240	4.6%		4.9%		n/a		n/a		n/a		n/a		n/a		4.9%	Dec-09

Note: Total Fixed Income and Domestic Core Fixed Income Composites include \$677,198 of illiquid securities as a result of the asset allocation transition that occurred in December 2009.

# Performance Summary – Fixed Income (continued)

Weight in Fund		Ending Market Value	Last 3 Months	Calendar YTD	Fiscal YTD	Annualized Returns				Since Inception	Inception Date
						Two Years	Three Years	Five Years	Ten Years		
4.2%	<b>Domestic Credit Composite</b>	\$97,284,500	-0.5%	3.0%	15.7%	n/a	n/a	n/a	n/a		
	Domestic Credit (Net)		-0.5%	3.0%	15.7%	n/a	n/a	n/a	n/a		
	ML US HY BB/B		0.2%	4.6%	21.8%	8.4%	5.3%	6.1%	6.4%		
1.8%	<b>Seix Credit Dislocation</b>	\$42,393,172	-1.3%	1.9%	8.8%	n/a	n/a	n/a	n/a	10.0%	Apr-09
	Seix Credit Dislocation (Net)		-1.3%	1.8%	8.7%	n/a	n/a	n/a	n/a	9.9%	
	CSFB Leveraged Loan		-1.1%	3.3%	17.8%	4.2%	1.6%	3.8%	n/a	24.7%	
	CSFB Leveraged Loan + 1.0%		-0.8%	3.8%	18.8%	5.2%	2.6%	4.8%	n/a	25.7%	
	Performance Variance		-0.5%	-1.9%	-10.1%	n/a	n/a	n/a	n/a	-15.8%	
2.4%	<b>Mackay Shields</b>	\$54,891,329	0.0%	3.9%	22.4%	n/a	n/a	n/a	n/a	22.0%	Apr-09
	Mackay Shields (Net)		-0.1%	3.8%	22.3%	n/a	n/a	n/a	n/a	21.9%	
	ML US HY BB/B		0.2%	4.6%	21.8%	8.4%	5.3%	6.1%	6.4%	26.6%	
	ML US HY BB/B + 1.0%		0.5%	5.1%	22.8%	9.4%	6.3%	7.1%	7.4%	27.6%	
	Performance Variance		-0.6%	-1.3%	-0.5%	n/a	n/a	n/a	n/a	-5.7%	
3.8%	<b>Opportunistic Credit Composite</b>	\$87,812,864	3.8%	12.8%	40.6%	21.9%	n/a	n/a	n/a		
	Opportunistic Credit (Net)		3.5%	12.3%	39.4%	21.0%	n/a	n/a	n/a		
	ML US HY BB/B Constrained		0.3%	4.5%	21.7%	8.6%	5.6%	6.1%	6.7%		
3.8%	<b>PIMCO DISCO</b>	\$87,812,864	3.8%	12.8%	40.6%	21.9%	n/a	n/a	n/a	21.9%	Jul-08
	PIMCO DISCO (Net)		3.5%	12.3%	39.4%	21.0%	n/a	n/a	n/a	21.0%	
	ML US HY BB/B Constrained		0.3%	4.5%	21.7%	8.6%	5.6%	6.1%	6.7%	8.6%	
	Performance Variance		3.2%	7.8%	17.8%	12.4%	n/a	n/a	n/a	12.4%	

# Performance Summary - Alternatives

Weight in Fund		Ending Market Value	Last 3 Months	Calendar YTD	Fiscal YTD	Annualized Returns					Inception Date
						Three Years	Five Years	Seven Years	Ten Years	Since Inception	
7.9%	<b>Real Estate Composite</b>	\$181,733,799	2.0%	2.8%	0.3%	-0.8%	4.9%	4.8%	5.8%		
	Real Estate Composite (Net)		1.9%	2.6%	0.0%	n/a	n/a	n/a	n/a		
	NCREIF Property Index		3.3%	4.1%	-1.5%	-4.7%	3.8%	6.7%	7.2%		
4.3%	<b>Kennedy Associates</b>	\$99,894,353	1.4%	2.4%	5.0%	4.0%	8.1%	n/a	n/a	8.8%	Sep-03
	Kennedy Associates (Net)		1.4%	2.4%	4.9%	3.6%	7.6%	n/a	n/a	8.2%	
	NCREIF Property Index		3.3%	4.1%	-1.5%	-4.7%	3.8%	6.7%	7.2%	6.7%	
	NCREIF Property Index + 1.5%		3.7%	4.8%	0.0%	-3.2%	5.3%	8.2%	8.7%	8.2%	
	<b>Performance Variance</b>		<b>-2.3%</b>	<b>-2.4%</b>	<b>4.8%</b>	<b>6.9%</b>	<b>2.3%</b>	<b>n/a</b>	<b>n/a</b>	<b>0.1%</b>	
1.8%	<b>MIG REALTY</b>	\$41,609,550	2.0%	3.2%	-3.1%	0.6%	4.5%	5.1%	7.0%	7.1%	Dec-85
	MIG REALTY (Net)		1.9%	3.0%	-3.6%	0.0%	3.9%	4.5%	6.4%	6.3%	
	NCREIF Property Index		3.3%	4.1%	-1.5%	-4.7%	3.8%	6.7%	7.2%	6.9%	
	NCREIF Property Index + 1.5%		3.7%	4.8%	0.0%	-3.2%	5.3%	8.2%	8.7%	8.4%	
	<b>Performance Variance</b>		<b>-1.8%</b>	<b>-1.9%</b>	<b>-3.6%</b>	<b>3.2%</b>	<b>-1.4%</b>	<b>-3.7%</b>	<b>-2.2%</b>	<b>-2.1%</b>	
1.7%	<b>MEPT</b>	\$40,229,896	3.5%	3.4%	-6.7%	-11.1%	n/a	n/a	n/a	-4.6%	Jul-06
	MEPT (Net)		3.2%	2.9%	-7.1%	-11.6%	n/a	n/a	n/a	-5.2%	
	NCREIF Property Index		3.3%	4.1%	-1.5%	-4.7%	3.8%	6.7%	7.2%	1.3%	
	NCREIF Property Index + 1.5%		3.7%	4.8%	0.0%	-3.2%	5.3%	8.2%	8.7%	2.8%	
	<b>Performance Variance</b>		<b>-0.5%</b>	<b>-2.0%</b>	<b>-7.1%</b>	<b>-8.4%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-8.1%</b>	
4.6%	<b>Private Equity Composite</b>	\$106,230,113	3.4%	7.4%	16.6%	6.6%	n/a	n/a	n/a	7.2%	Sep-05
	Cambridge Associates Priv Equity Index (1 Qtr Lag)		4.4%	10.5%	22.5%	1.2%	11.9%	15.6%	7.5%	10.7%	
	Russell 2000		-9.9%	-2.0%	21.5%	-8.6%	0.4%	5.8%	3.0%	-0.6%	
	<b>Performance Variance</b>		<b>-1.0%</b>	<b>-3.2%</b>	<b>-5.9%</b>	<b>5.4%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-3.5%</b>	
9.9%	<b>Inflation-Linked Assets Composite<sup>1</sup></b>	\$228,211,403	-4.8%	-9.6%	n/a	n/a	n/a	n/a	n/a	-9.6%	Dec-09
	Dow Jones/UBS Commodities Index		-4.8%	-9.6%	2.7%	-8.4%	-1.3%	3.5%	4.4%	-9.6%	
0.6%	<b>Cash<sup>2</sup></b>	\$14,009,464	1.1%	1.7%	2.7%	n/a	n/a	n/a	n/a		
	90 day t-bills		0.0%	0.0%	0.2%	1.6%	2.8%	2.4%	n/a		
-0.2%	<b>Securities Lending<sup>3</sup></b>	<b>(\$4,320,449)</b>									

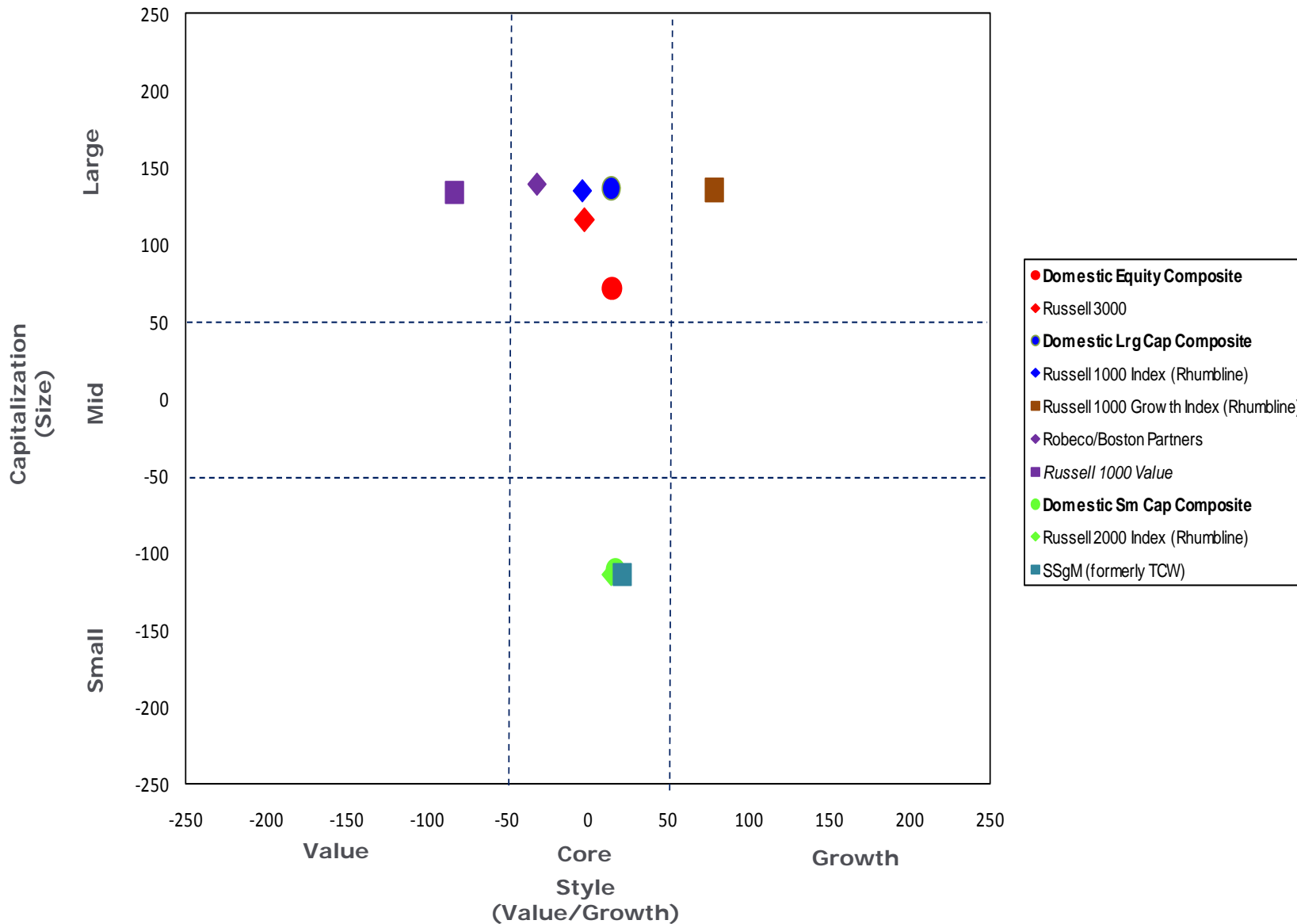
<sup>1</sup>Inflation-Linked Assets Composite currently consists of passive exposure to the Dow Jones/UBS Commodities Index through swap agreements. Russell is currently providing oversight of these assets.

<sup>2</sup>NEPC began calculating cash returns as of April 1, 2008 due to inconsistent historical data received from the prior consultant.

<sup>3</sup>The Unrealized losses in the Plan's securities lending cash collateral reinvestment pool.



# Equity Style Analysis



# Manager Summary

Investment Manager	Asset Class	Changes/ Announcements	Performance Concerns	NEPC DD Recommendation	Comments
Robeco/Boston Partners	U.S. Large Cap Value	--	--	--	
Rhumblin	U.S. Large Cap Growth & Core; U.S. Small Cap Core	--	--	--	Rhumblin manages passive U.S. equity mandates for the Plan.
Russell	U.S. Small Cap Core; TIPS; Commodities	Y	--	--	No Action Advised
Brandes	Non-U.S. Developed Equity	--	--	--	
William Blair	Non-U.S. Developed Equity	--	--	--	NEPC FPL Strategy
AllianceBernstein	Non-U.S. Emerging Equity	Y	Y	Hold	Evaluate Entire Emerging Markets Allocation
The Boston Co.	Non-U.S. Emerging Equity	--	Y	--	NEPC FPL Strategy; Evaluate Entire Emerging Markets Allocation
Seix	Core Plus Fixed Income; Bank Debt/High Yield	Y	--	Hold	No Action Advised
Income Research & Management	Long Duration Fixed Income	--	--	--	
Mackay Shields	High Yield/Bank Debt	--	--	--	NEPC FPL Strategy
PIMCO	Distressed Senior Credit	--	--	--	
Calamos	Convertible Bonds	--	--	--	

# Manager Summary

NEPC Due Diligence Committee Recommendation Key	
No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot be in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with an Investment Manager; manager cannot be in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot be in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

## Changes/Announcements

*Below is a summary of manager changes and announcements that have occurred over recent months.*

### Russell Implementation Services

- Effective May 7, 2010, Russell Implementation Services (Russell) began providing oversight of an optimized Russell 2000 Index portfolio on an interim basis. State Street Global Markets had been managing the portfolio on an interim basis since Trust Company of the West (TCW) was terminated in February 2008. Subsequently, RS Investments took over management of the assets on August 2, 2010. RS was hired by the Plan to manage a U.S. Small Cap Value equity mandate.
- This change is consistent with the transition plan that was established when State Street Global Markets resigned from the interim assignment back in late April 2010. ***"No Action" is recommended.***

# Manager Summary

## Changes/Announcements (continued)

### Seix Investment Advisors

- As a result of the recent announcements of the departure of Bob Sherman, CEO, from Seix Investment Advisors (Seix), the departure of several client service and consultant relation professionals, and the recent news that the sale of Ridgeworth Capital Management Inc. has fallen through, NEPC believes an elevated due diligence status is warranted as Seix deals with several administrative and organizational concerns. No investment professionals have left the firm, however, Jim Keegan, CIO, will now assume CEO responsibilities as well, and his expanded role will pull him away from investments for some time until the group stabilizes.
- Mike McEachern, President and Head of the High Yield group, and George Goudelias, Head of the Bank Loan group, are the key investors in high yield and bank loans for the firm, and we don't see a direct impact in this area.
- It is becoming increasingly clear that some employees are unhappy with the firm's parent company, SunTrust, owning the firm. At some point in the next few years, Seix will be sold, however, there may be more departures before that time comes.
- **NEPC has placed a "Hold" status on all Seix products.**

## Performance Concerns

*Below we identify funds that we have flagged as having performance concerns. It is typical for funds to be flagged over multiple quarters.*

### AllianceBernstein LP

- AllianceBernstein's Emerging Markets Growth portfolio trails the MSCI Emerging Markets Index, net of fees, over all time periods reported with the exception of the one-year period when the portfolio has outperformed by 0.5%. The portfolio ranks in the bottom quartile of ICC Emerging Markets Equity managers for all but the quarter and one-year time periods.
- The Plan placed AllianceBernstein on probation in 3Q 2007 due to poor performance.
- There have been several significant changes in senior management at AllianceBernstein over the past several months, initiating what could be a significant change in the firm's research focused culture.
- **NEPC has placed a "Hold" status on all AllianceBernstein products.**
- NEPC is working with staff to evaluate the Plan's emerging markets allocation.



# Manager Summary

## Performance Concerns (continued)

### The Boston Company Asset Management, LLC

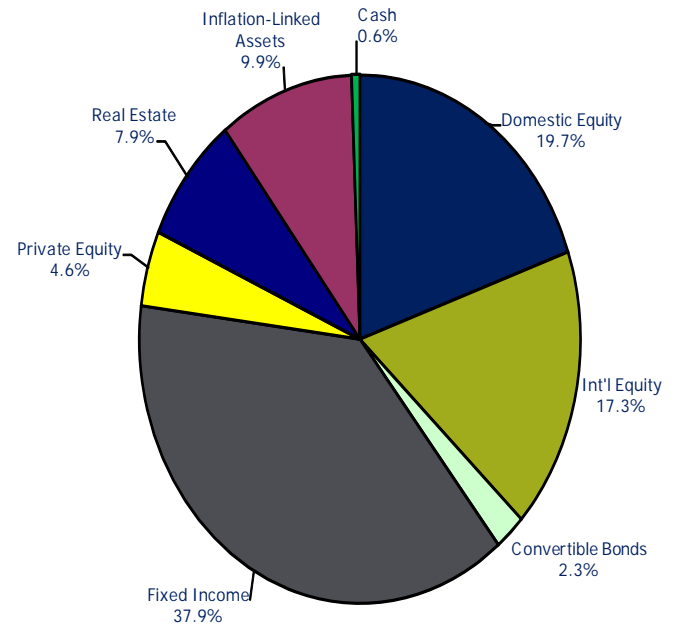
- The Boston Company's Emerging Markets Value portfolio is trailing the MSCI Emerging Markets Index, net of fees, for the calendar year-to-date, one-, five-, and seven-year time periods. The portfolio has performed well on a relative basis over the long-term, ranking in the 17<sup>th</sup> and 37<sup>th</sup> percentile of ICC Emerging Markets Equity managers for the three- and five-year period, respectively.
- The portfolio has had strong performance over the three-year period ending June 30, 2010, outperforming the index by 2.3%, net of fees. This performance is consistent with the value-oriented, risk averse style that the portfolio manager employs, providing downside protection in bear markets.
- ***"No Action" is recommended.*** The Boston Company's Emerging Markets Value strategy is an NEPC Focused Placement Strategy.
- NEPC is working with staff to evaluate the Plan's emerging markets allocation.

# Appendix

Note: All of the data in this report is as of June 30, 2010, unless otherwise noted.

# Total Fund Composite

Asset Class	Market Value	Current %
<i>Domestic Equity</i>	\$ 453,446,678	19.7%
<i>Int'l Equity</i>	\$ 398,257,570	17.3%
<i>Convertible Bonds</i>	\$ 52,360,967	2.3%
<i>Fixed Income</i>	\$ 873,403,044	37.9%
<i>Private Equity</i>	\$ 106,230,113	4.6%
<i>Real Estate</i>	\$ 181,733,799	7.9%
<i>Inflation-Linked Assets</i>	\$ 228,211,403	9.9%
<i>Cash</i>	\$ 14,009,464	0.6%
<i>Securities Lending<sup>1</sup></i>	\$ (4,320,449)	-0.2%
<b>Total</b>	<b>\$ 2,303,332,589</b>	<b>100%</b>

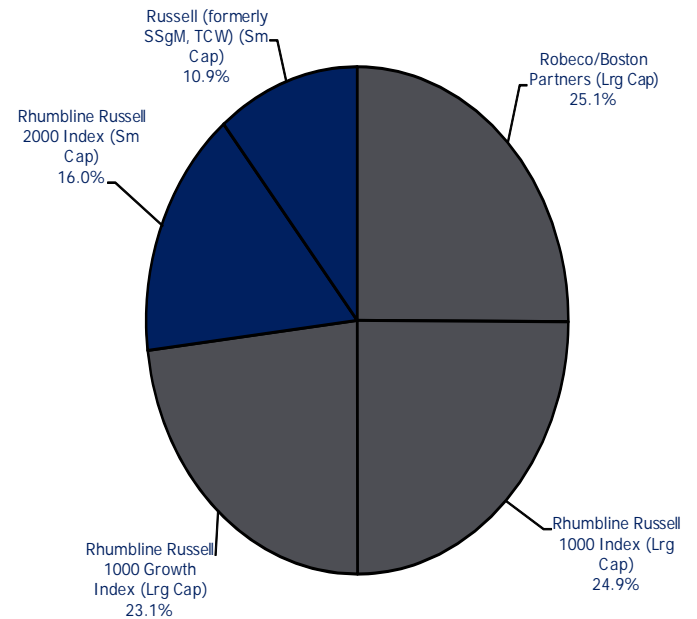


<sup>1</sup>Unrealized losses in the Fund's securities lending cash collateral reinvestment pool.

Note: Total allocation in pie chart adds to 100.2% due to the inability to reflect the negative allocation resulting from the recognition of the unrealized losses in the securities lending program.

# Total Domestic Equity Composite

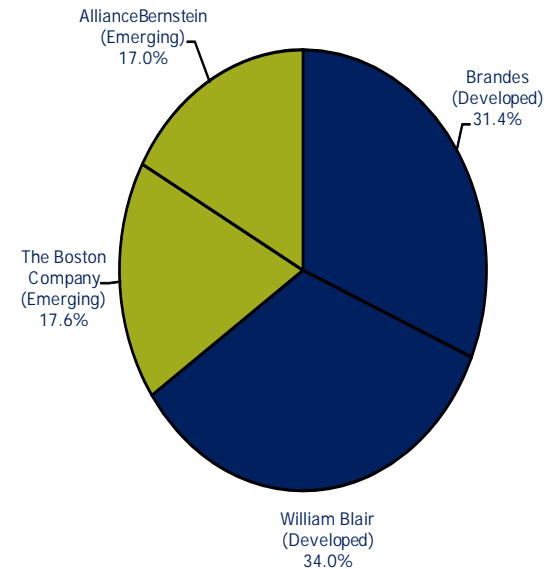
Manager	Market Value	Current %
<i>Robeco/Boston Partners (Lrg Cap)</i>	\$ 113,724,988	25.1%
<i>Rhumblin Russell 1000 Index (Lrg Cap)</i>	\$ 112,912,214	24.9%
<i>Rhumblin Russell 1000 Growth Index (Lrg Cap)</i>	\$ 104,875,349	23.1%
<i>Rhumblin Russell 2000 Index (Sm Cap)</i>	\$ 72,464,737	16.0%
<i>Russell (formerly SSgM, TCW) (Sm Cap)</i>	\$ 49,468,584	10.9%
<b>Total</b>	<b>\$ 453,446,678</b>	<b>100%</b>



Note: Domestic Equity Composite includes \$805 of residual cash in terminated manager accounts as a result of the asset allocation transition that occurred in December 2009.

# Total International Equity Composite

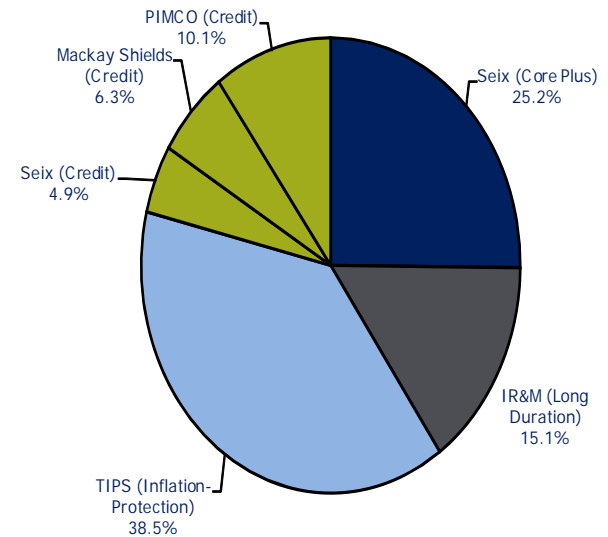
Manager	Market Value	Current %
<i>Brandes (Developed)</i>	\$ 125,236,050	31.4%
<i>William Blair (Developed)</i>	\$ 135,261,882	34.0%
<i>The Boston Company (Emerging)</i>	\$ 70,061,728	17.6%
<i>AllianceBernstein (Emerging)</i>	\$ 67,696,663	17.0%
<b>Total</b>	<b>\$ 398,257,570</b>	<b>100%</b>



Note: International Equity Composite includes \$1,247 of residual cash in the terminated manager account as a result of the asset allocation transition that occurred in December 2009.

# Total Fixed Income Composite

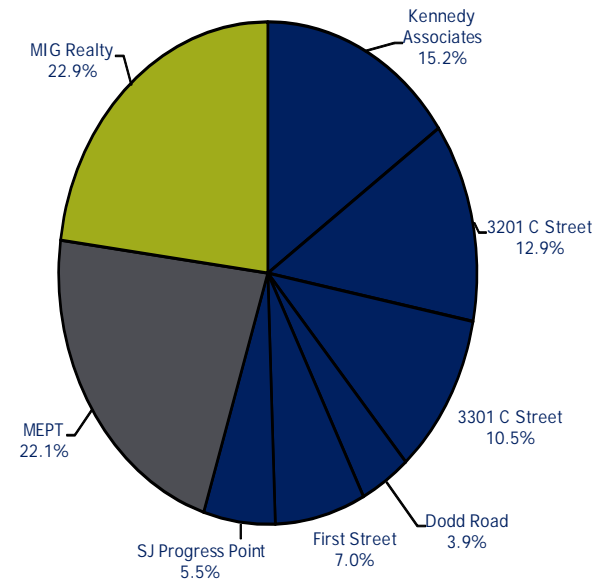
Manager	Market Value	Current %
<i>Seix (Core Plus)</i>	\$ 219,547,244	25.1%
<i>IR&amp;M (Long Duration)</i>	\$ 131,748,997	15.1%
<i>TIPS (Inflation-Protection)</i>	\$ 336,332,240	38.5%
<i>Seix (Credit)</i>	\$ 42,393,172	4.9%
<i>Mackay Shields (Credit)</i>	\$ 54,891,329	6.3%
<i>PIMCO (Credit)</i>	\$ 87,812,864	10.1%
<b>Total</b>	<b>\$ 873,403,044</b>	<b>100%</b>



Note: Fixed Income Composite includes \$677,198 of residual cash in the terminated manager account as a result of the asset allocation transition that occurred in December 2009.

# Total Real Estate Composite

Manager	Market Value	Current %
<i>Kennedy Associates</i>	\$ 27,630,394	15.2%
<i>3201 C Street</i>	\$ 23,400,143	12.9%
<i>3301 C Street</i>	\$ 19,000,120	10.5%
<i>Dodd Road</i>	\$ 7,100,159	3.9%
<i>First Street</i>	\$ 12,700,163	7.0%
<i>SJ Progress Point</i>	\$ 10,063,374	5.5%
<i>MEPT</i>	\$ 40,229,896	22.1%
<i>MIG Realty</i>	\$ 41,609,550	22.9%
<b>Total</b>	<b>\$ 181,733,799</b>	<b>100%</b>



Note: When reporting performance, Kennedy Associates, First Street, Dodd Road, 3201 C Street, 3301 C Street and SJ Progress Point are all referred to as Kennedy Associates.

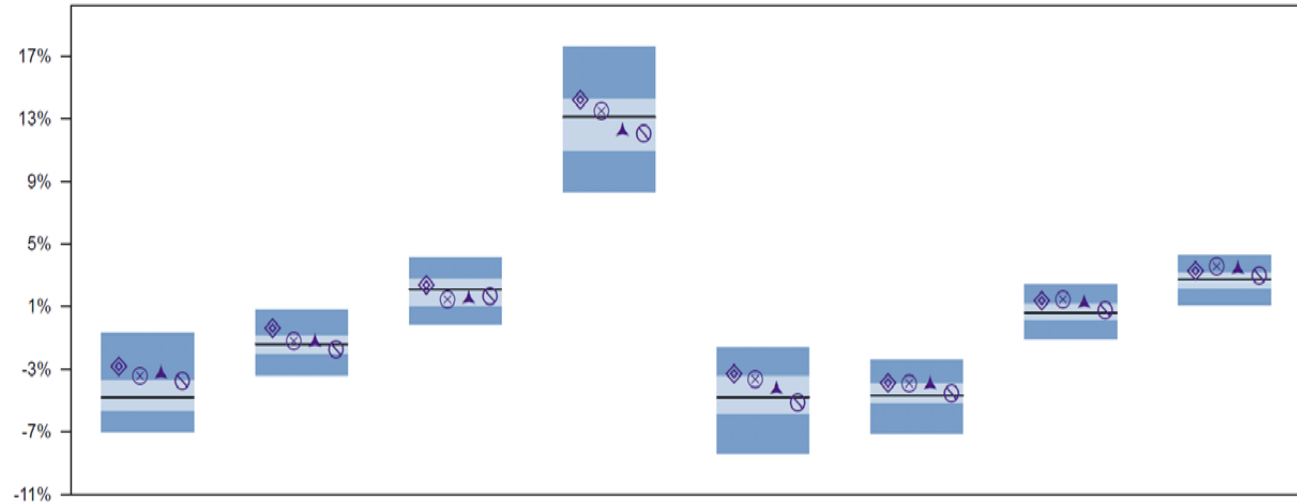
# Total Fund vs. Public Funds > \$1 Billion

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Periods Ending June 30, 2010

### Total Fund Performance - Trailing Periods



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
◆ <b>TOTAL FUND</b>	-2.7	12	-0.3	14	2.5	37	14.3	25	-3.2	19	-3.8	25	1.5	13	3.4	16
⊙ Allocation Index	-3.3	19	-1.1	41	1.6	66	13.6	35	-3.5	26	-3.8	21	1.6	10	3.7	11
▲ Interim TF Benchmark	-3.2	18	-1.2	44	1.6	66	12.3	55	-4.2	37	-3.9	27	1.3	22	3.5	12
⊖ TF Benchmark	-3.6	24	-1.6	55	1.8	60	12.2	60	-5.0	58	-4.4	44	0.9	35	3.1	27
5th Percentile	-0.7		0.8		4.1		17.6		-1.6		-2.4		2.4		4.3	
25th Percentile	-3.7		-0.8		2.8		14.3		-3.4		-3.9		1.2		3.2	
50th Percentile	-4.8		-1.4		2.1		13.1		-4.8		-4.7		0.6		2.7	
75th Percentile	-5.7		-2.1		1.0		10.9		-5.9		-5.2		0.1		2.1	
95th Percentile	-7.0		-3.4		-0.1		8.3		-8.4		-7.1		-1.1		1.1	

Note: Returns are gross of fees.



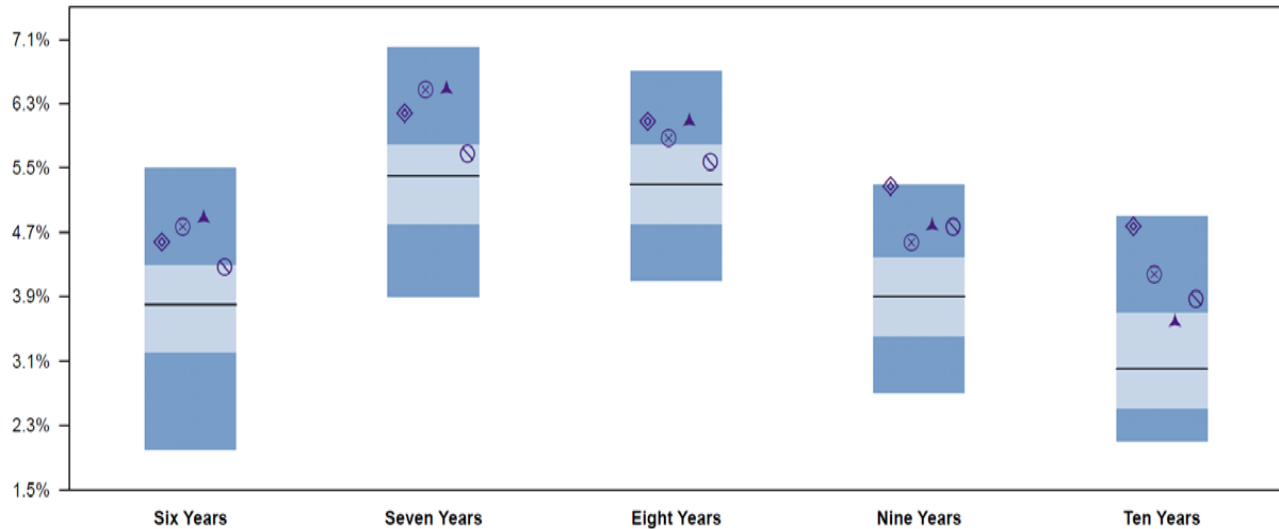
# Total Fund vs. Public Funds > \$1 Billion

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Periods Ending June 30, 2010

### Total Fund Performance - Trailing Periods



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
◆ <b>TOTAL FUND</b>	<b>4.6</b> 14	<b>6.2</b> 12	<b>6.1</b> 12	<b>5.3</b> 9	<b>4.8</b> 7
⊗ Allocation Index	4.8 12	6.5 8	5.9 20	4.6 20	4.2 16
▲ Interim TF Benchmark	4.9 12	6.5 8	6.1 13	4.8 16	3.6 26
⊘ TF Benchmark	4.3 25	5.7 27	5.6 32	4.8 19	3.9 18
5th Percentile	5.5	7.0	6.7	5.3	4.9
25th Percentile	4.3	5.8	5.8	4.4	3.7
50th Percentile	3.8	5.4	5.3	3.9	3.0
75th Percentile	3.2	4.8	4.8	3.4	2.5
95th Percentile	2.0	3.9	4.1	2.7	2.1

Note: Returns are gross of fees.

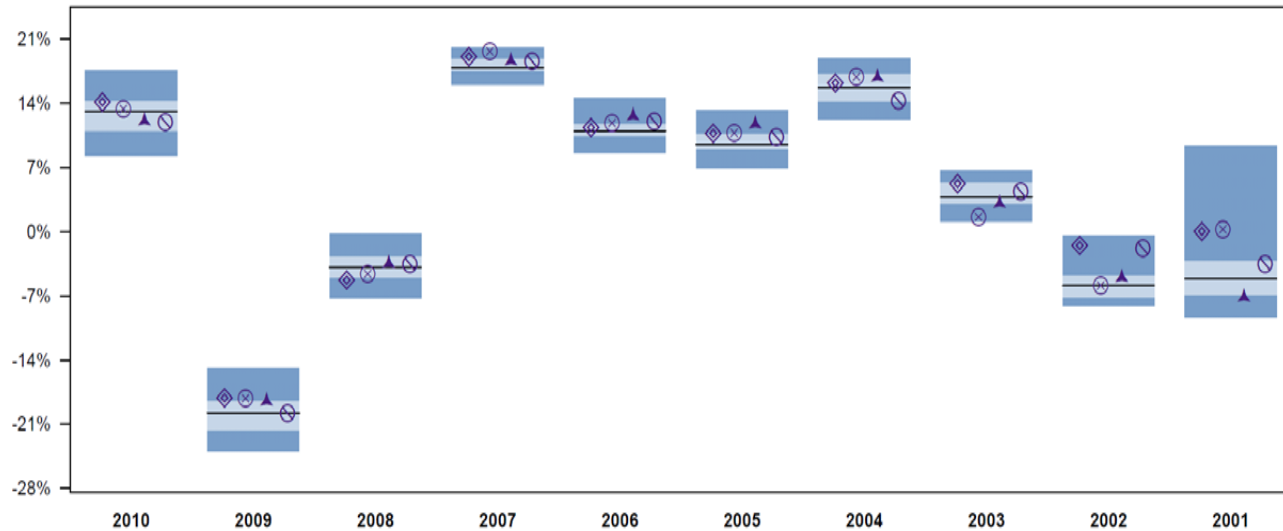
# Total Fund vs. Public Funds > \$1 Billion

## San Jose Police & Fire

Total Fund - Universe: Public Funds (DB) > \$1 Billion

Period Ending June 30, 2010

### Total Fund Performance - One Year Time Periods



	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001										
◆ TOTAL FUND	14.3	25	-18.0	23	-5.1	75	19.3	13	11.5	37	10.9	18	16.4	38	5.4	23	-1.3	7	0.2	11
⊗ Allocation Index	13.6	35	-18.0	24	-4.4	66	19.9	10	12.1	22	11.0	15	17.1	28	1.8	91	-5.6	48	0.5	9
▲ Interim TF Benchmark	12.3	55	-18.3	25	-3.3	37	18.8	32	12.8	11	11.9	10	17.0	29	3.3	63	-4.8	27	-7.0	75
⊖ TF Benchmark	12.2	60	-19.6	43	-3.3	37	18.8	32	12.3	20	10.6	26	14.5	74	4.6	36	-1.6	8	-3.3	28
5th Percentile	17.6		-14.9		-0.2		20.1		14.6		13.3		18.9		6.7		-0.4		9.4	
25th Percentile	14.3		-18.4		-2.7		18.9		11.8		10.7		17.3		5.4		-4.7		-3.1	
50th Percentile	13.1		-19.8		-3.9		17.9		11.0		9.5		15.7		3.8		-5.9		-5.1	
75th Percentile	10.9		-21.7		-5.1		17.5		10.4		8.9		14.2		3.0		-7.3		-7.0	
95th Percentile	8.3		-24.0		-7.3		16.0		8.6		7.0		12.3		1.1		-8.1		-9.3	

Note: Returns are gross of fees.

# Total Fund Benchmark History

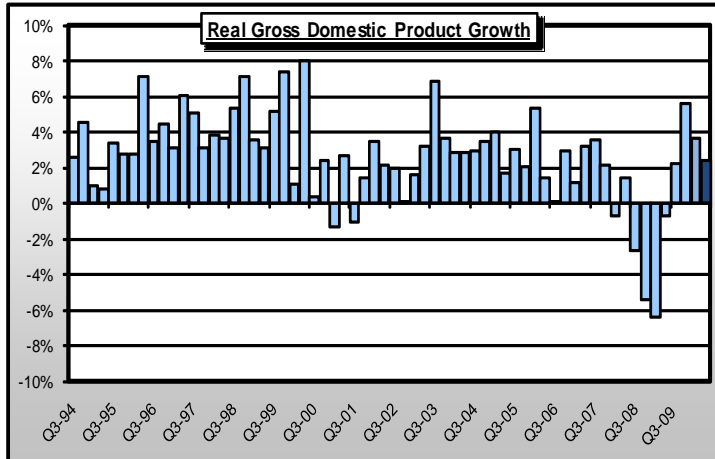
- Total Fund Benchmark History:
- 6/1/95 – 9/30/01 – 35% S&P 500/10% MSCI EAFE/35% BC Aggregate/10% Citigroup WGBI/10% NCREIF Property
- 10/1/01 – 12/31/04 – 35% S&P 500/15% MSCI EAFE/5% MSCI Emg Mkts/28% BC Aggregate/5% Citigroup WGBI/12% NCREIF Property
- 1/1/05 – 3/31/08 – 34% S&P 500/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Russell 2000
- 4/1/08 – 5/31/08 – 29% S&P 500/5% Russell 2000/20% MSCI EAFE/5% MSCI Emg Mkts/20% BC Aggregate/4% BC Long Gov't/Credit/12% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)
- 6/1/08 – 12/31/09 – 22% S&P 500/5% Russell 2000/17% MSCI EAFE/5% MSCI Emg Mkts/18% BC Aggregate/5% ML US HY BB-B Constrained/10% NCREIF Property/8% Cambridge Private Equity (lagged 1 quarter)/5% DJ/UBS Commodities Index/5% HFRI FoF: Conservative
- 1/1/10 – present – 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/5% BC Aggregate/10% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/5% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities Index/5% HFRI FoF: Conservative/5% 90 day t-bills + 3%
- \*Interim Benchmark (current, effective 1/1/2010): 18% Russell 1000/5% Russell 2000/12% MSCI EAFE/5% MSCI Emg Mkts/11% BC Aggregate/15% TIPS/5% BC Long Gov't/Credit/5% ML US HY BB-B Constrained/10% NCREIF Property/4% Cambridge Private Equity (lagged 1 quarter)/10% DJ/UBS Commodities

*Note: Interim Benchmark incorporates a proration of 1% private equity, 5% absolute return and 5% opportunistic. These allocations have been included within the TIPS and Core Fixed Income allocations.*

# Appendix: Market Environment

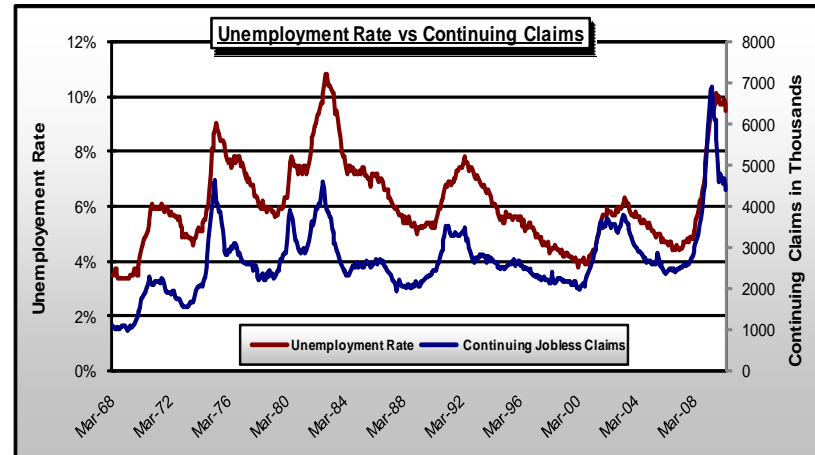
Note: All of the data in this report is as of June 30, 2010, unless otherwise noted.

# Economic Environment



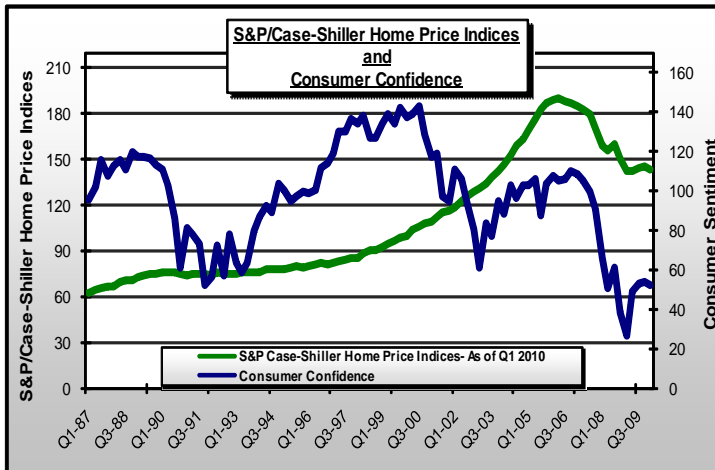
GDP Growth for Q2 was lower than expected at 2.4%.

Source: U.S. Department of Commerce Bureau of Economic Analysis and Bloomberg



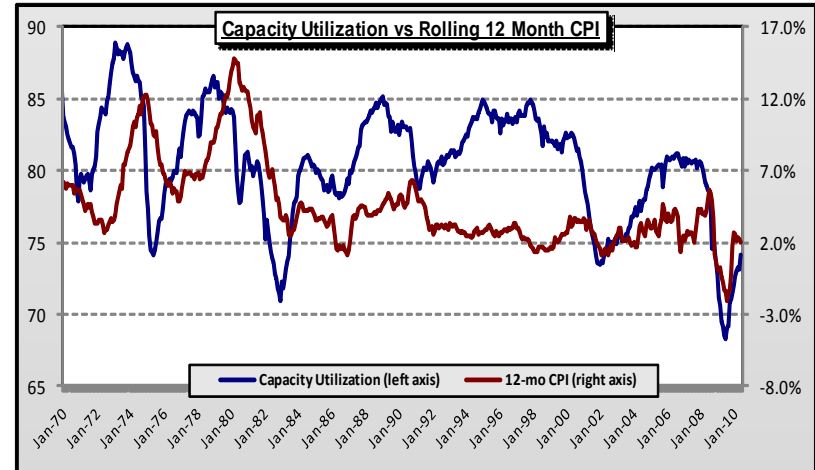
The Unemployment Rate decreased to 9.5% in Q2, and US Continuing Jobless Claims dropped last quarter, though these figures likely understate total unemployment.

Source: Department of Labor and St. Louis Federal Reserve and Bloomberg



Housing Prices and Consumer Confidence have both moved sideways so far in 2010.

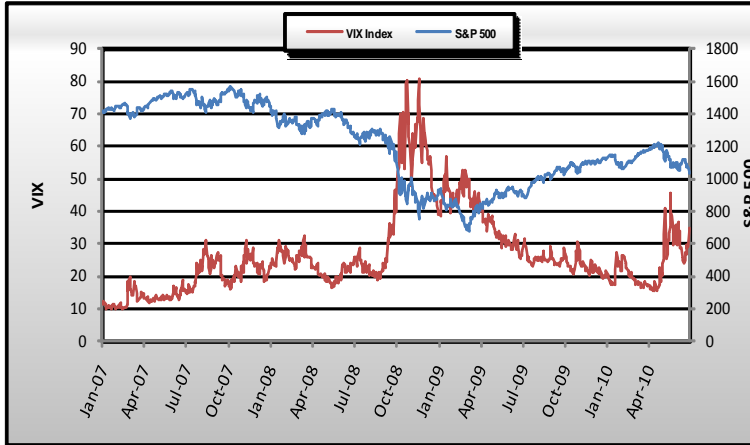
Source: Standard & Poors and Bloomberg



Capacity Utilization has recovered sharply but still remains at depressed levels while CPI has settled near 2%.

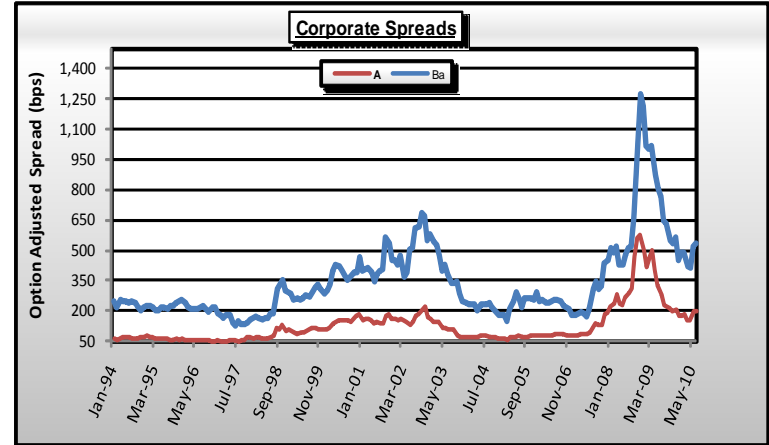
Source: Bloomberg

# Key Economic Indicators



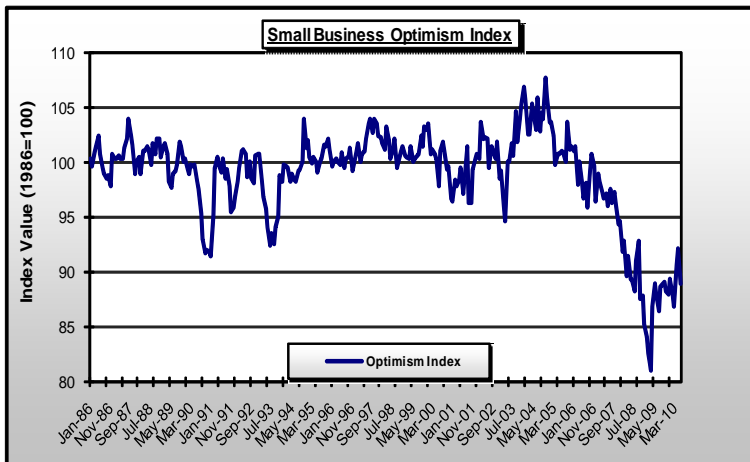
Spikes in the VIX have been accompanied by drawdowns in the S&P 500, including during Q2 when the VIX reached 45.

Source: Bloomberg



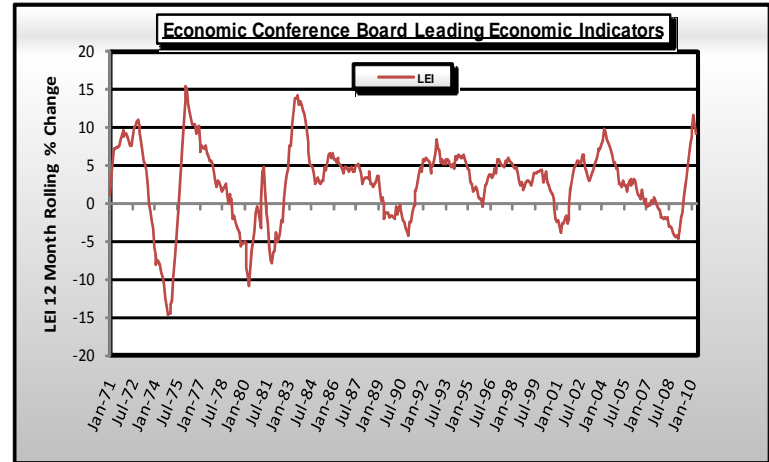
Credit spreads increased in Q2, but only modestly compared to the liquidity shock in credit markets in 2008.

Source: Lehman Live



The Small Business Optimism Index lost 3.2 points in June after posting modest gains for several months.

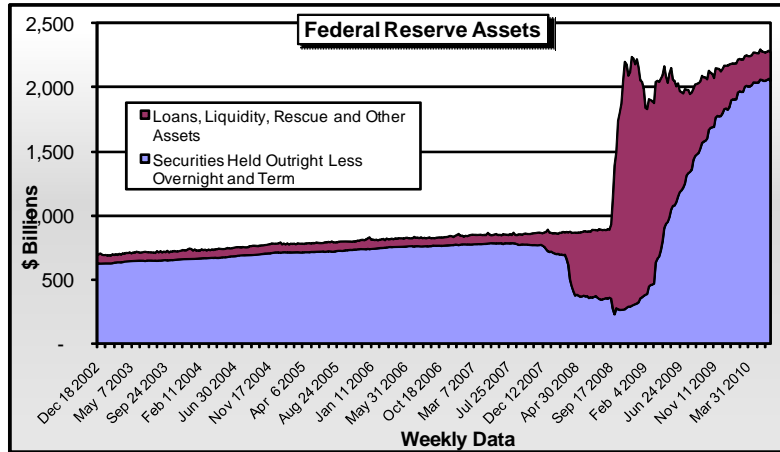
Source: Bloomberg



Rolling percentage change in the Leading Economic Indicators Index has been consistently positive recently.

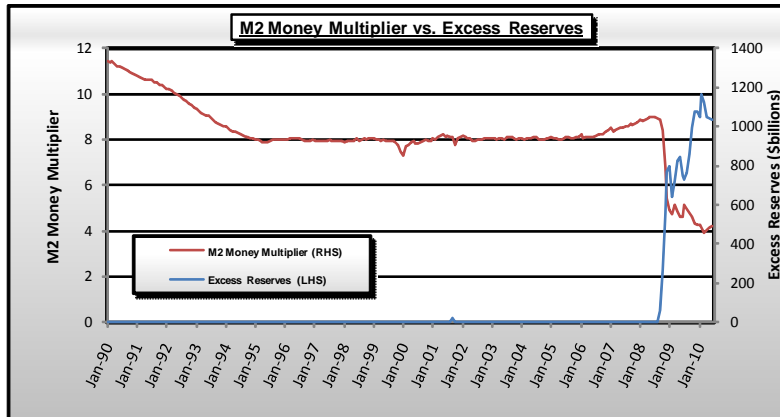
Source: Bloomberg

# Economic Environment



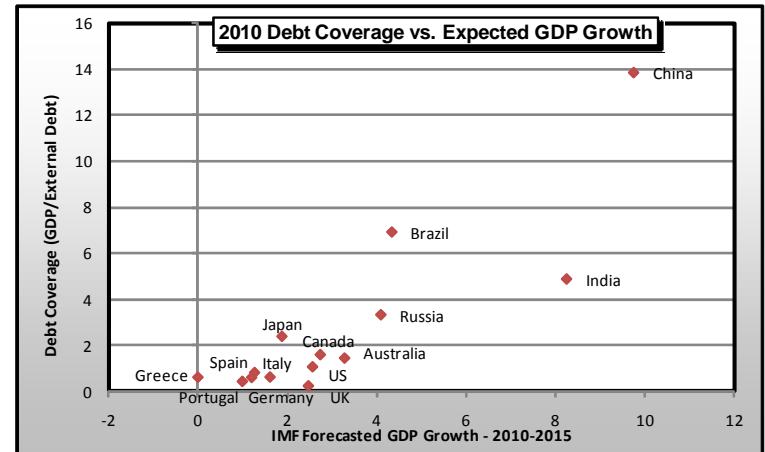
The Fed Balance Sheet continues to grow; however composition of underlying securities is changing from stimulus and liquidity provisions to purchased securities...

Source: United States Federal Reserve



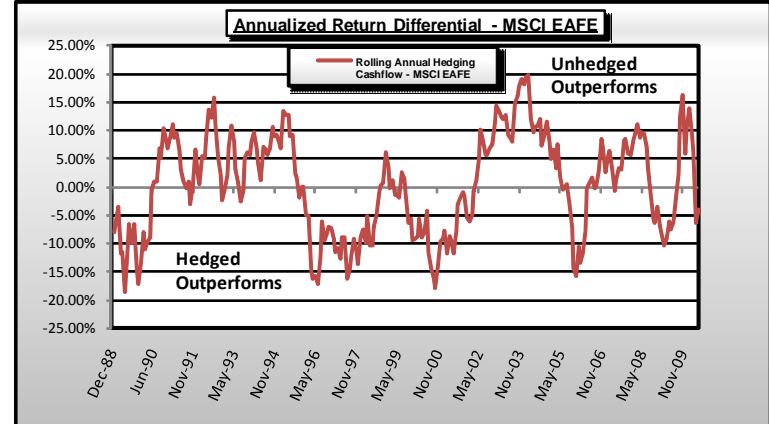
The impact of increased money supply has been muted (low money multiplier) as banks have kept unprecedented excess reserves

Source: St. Louis Fed



Emerging Market countries have more robust growth expectations and more manageable debt burdens...

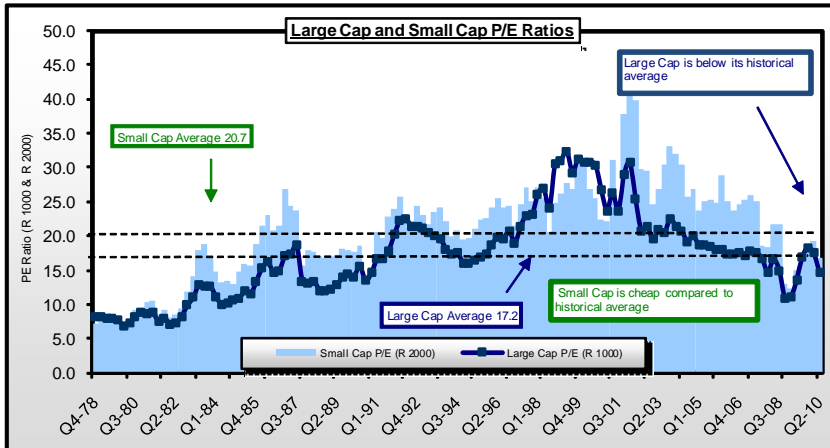
Source: IMF, CIA World Factbook



Foreign currency detracted an additional 4% from EAFE returns as the Euro and Sterling fell relative to the US dollar

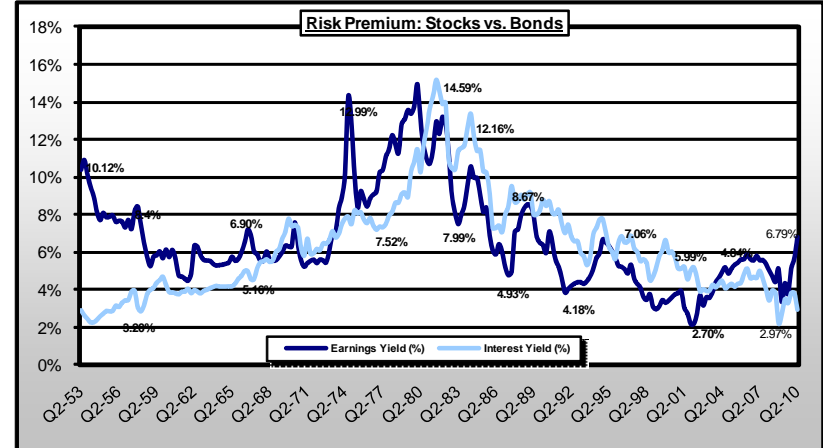
Source: Bloomberg

# Market Environment – U.S. Equity



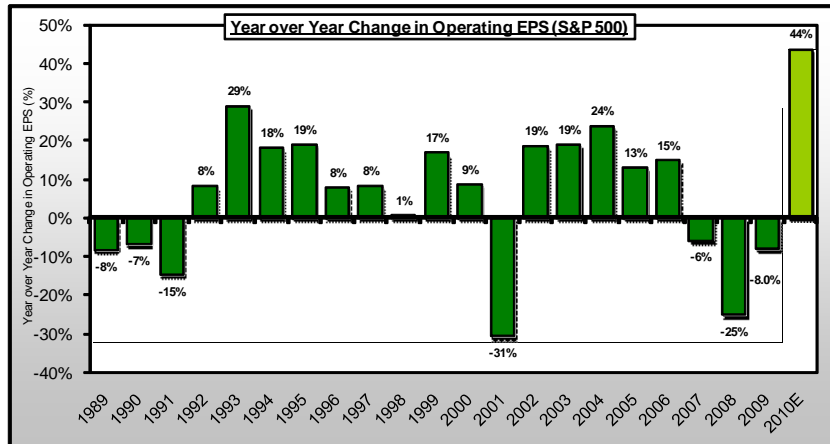
Small Cap P/E and Large Cap P/E, excluding negative earnings, are both slightly below their historical averages.

Source: Russell Investment Group



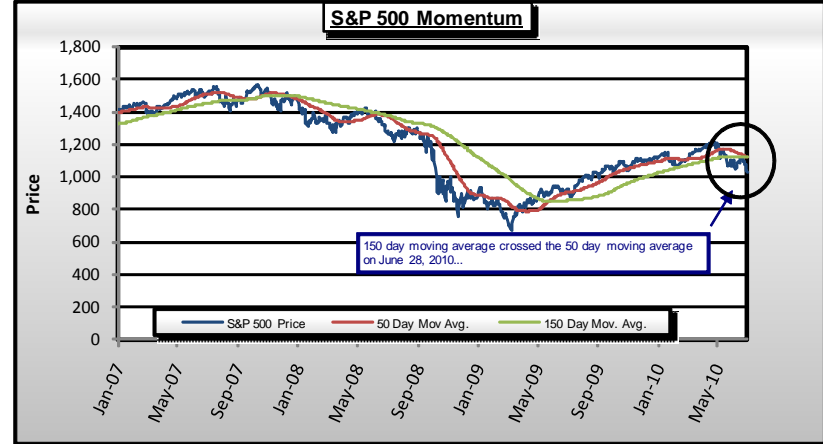
Earnings yield net of extraordinary items at 6.79% now significantly exceeds bond yields of 2.97%, following the Treasury rally in Q2.

Source: Standard & Poors and St Louis Federal Reserve



Consensus estimates indicate EPS growth is expected to increase by 44% in 2010, recovering from recent depressed levels.

Source: Standard & Poors

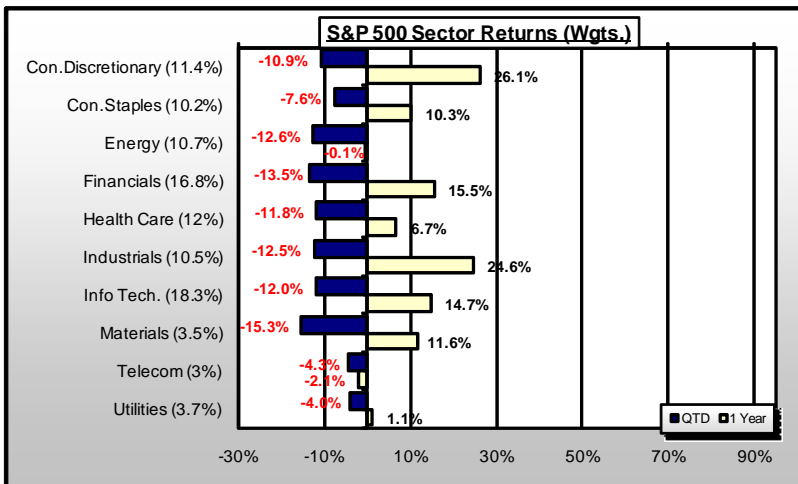


S&P 500 momentum shows a bearish signal.

Source: Bloomberg

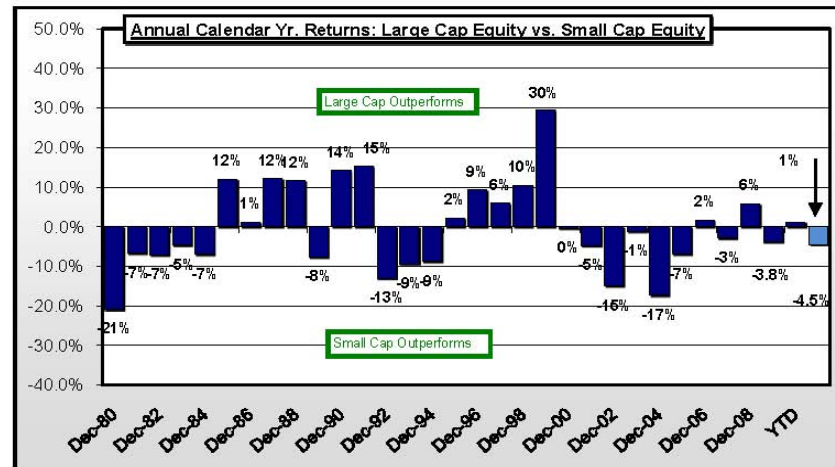


# U.S. Stock Market Performance



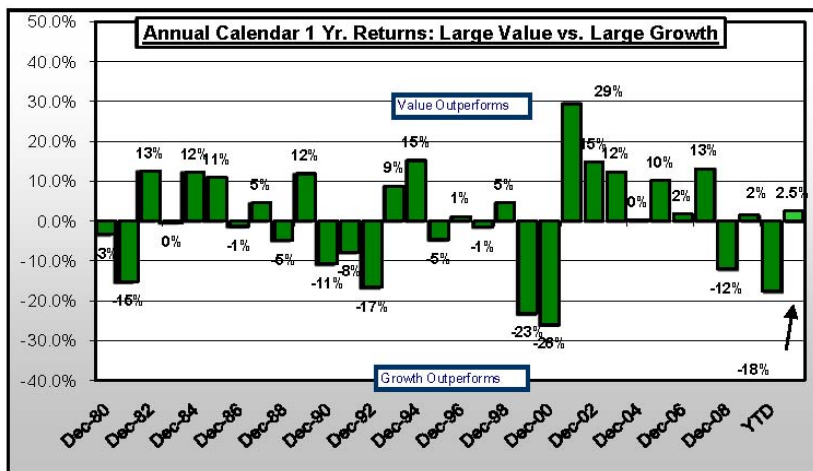
**Utilities led the S&P 500 Sector Returns in Q2.**

Source: Standard & Poors



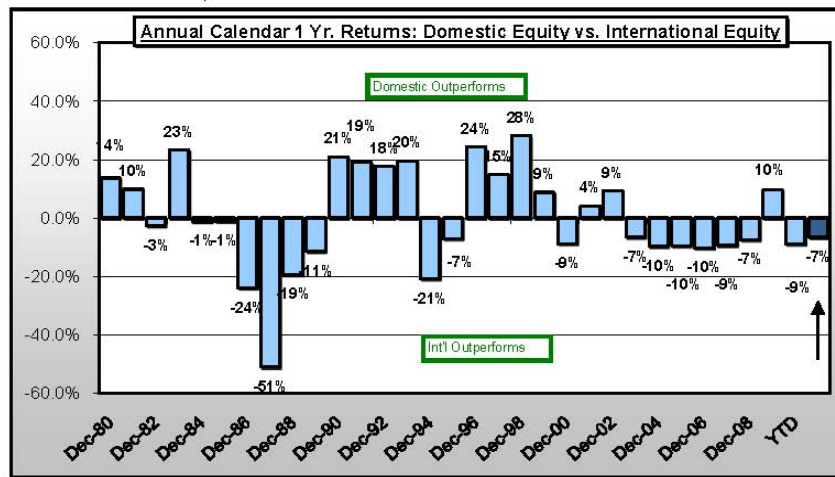
**Small Cap outperformed Large Cap by 4.5% year to date.**

Source: Russell Investment Group



**Value stocks outperformed growth stocks by 2.5% so far in 2010.**

Source: Russell Investment Group



**Domestic equity outperformed international equity by 4% year to date.**

Source: MSCI EAFE (1979-1989); Citi PMI EPAC (1990-present)



# Non – U.S. Stock Market Performance

## Developed Market Equity Returns (U.S. Dollars)

Source: MSCI Inc.

	Qtr. (%)	1 Yr. (%)	3 Yr. (%)
Europe ex UK	-15.8%	4.4%	-15.2%
United Kingdom	-13.9%	8.6%	-14.7%
Japan	-10.1%	0.8%	-12.0%
Pacific Ex Japan	-14.3%	18.4%	-5.6%
Canada	-10.5%	17.8%	-4.1%
USA	-11.7%	13.6%	-10.3%

## US Dollar Return vs. Major Foreign Currencies

(Negative = Dollar Depreciates, Positive = Dollar Appreciates)

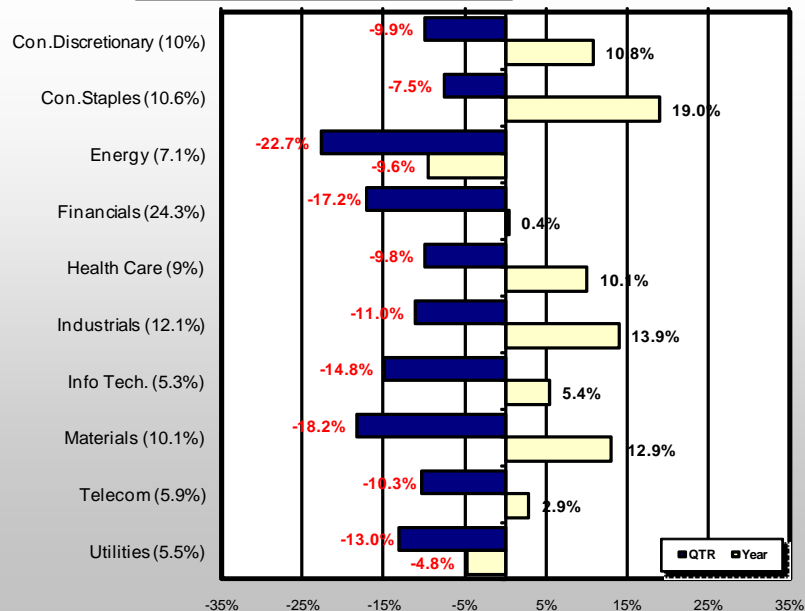
	Qtr.	1 Yr.	5 Yr.
Euro	10.5%	14.5%	-0.2%
Japanese Yen	-5.3%	-8.3%	-4.4%
British Pound	1.4%	10.1%	3.7%
Canada	4.7%	-8.5%	-2.8%
Australia	8.7%	-4.3%	-2.0%

## Currency Impact on Developed Mkt. Returns

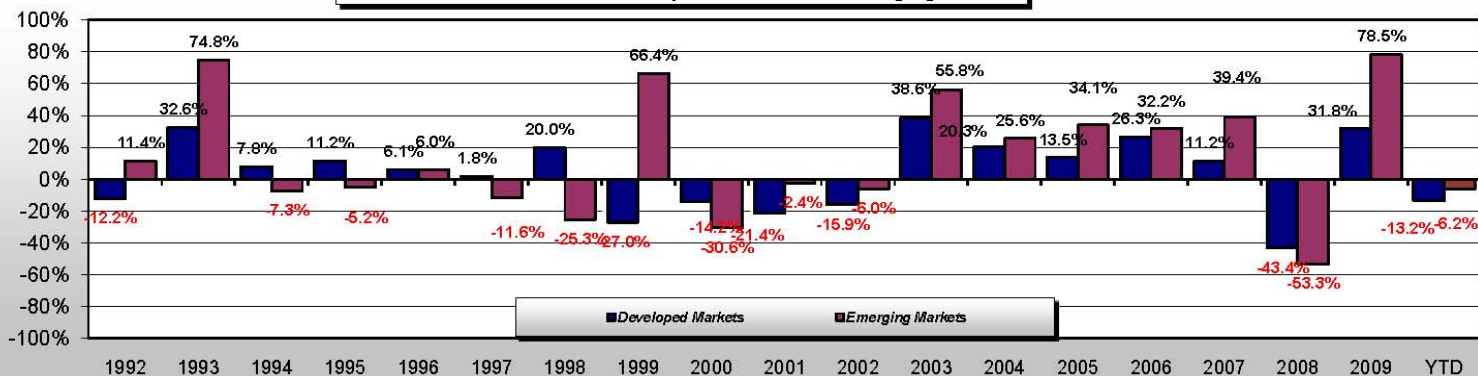
(Negative = Currency Hurt, Positive = Currency Helped)

	Qtr.	1 Yr.	5 Yr.
MSCI EAFE (Local)	-11.2%	9.9%	-0.1%
MSCI EAFE (USD)	-14.0%	5.9%	-13.4%
Currency Impact	-2.8%	-4.0%	-13.3%

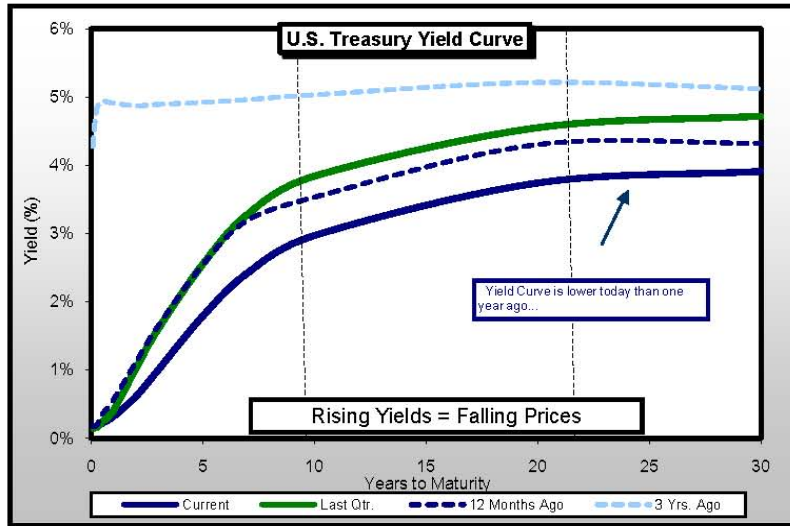
## MSCI EAFE Sector Returns (Wgts. %)



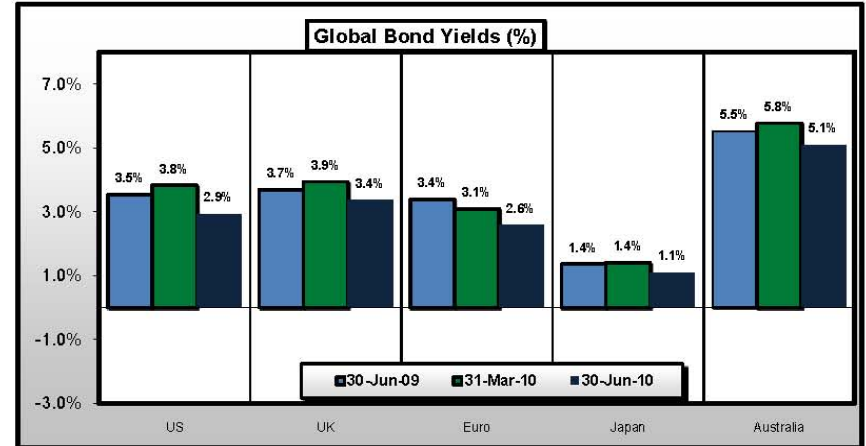
## Calendar Year Returns for Developed Markets and Emerging Markets



# Market Environment – Interest Rates

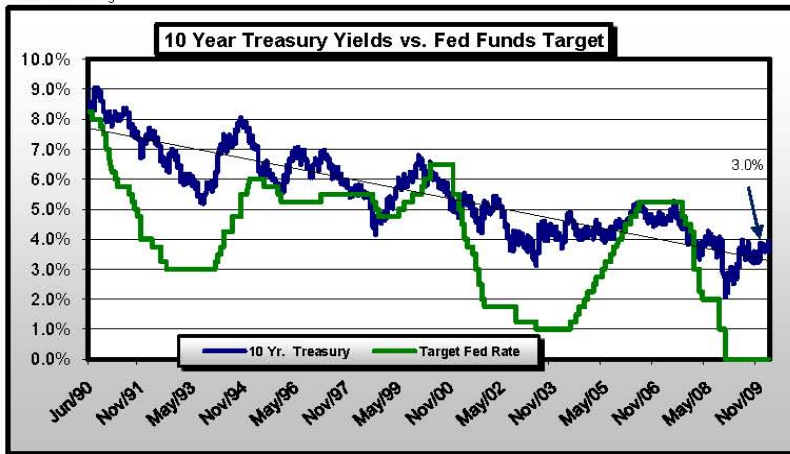


Source: Bloomberg



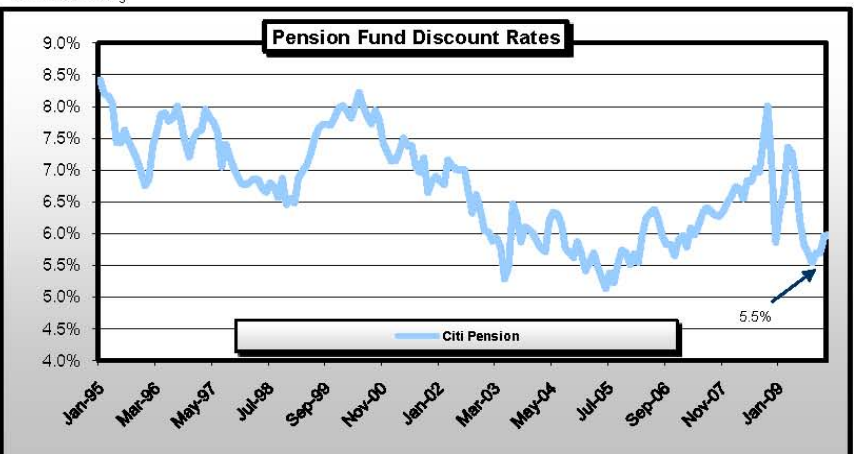
Global Yields are lower today than one year ago.

Source: Bloomberg



Fed Funds rate target is still between 0% and 0.25% while 10 Yr. Treas. Yield decreased to 3.0% in Q2.

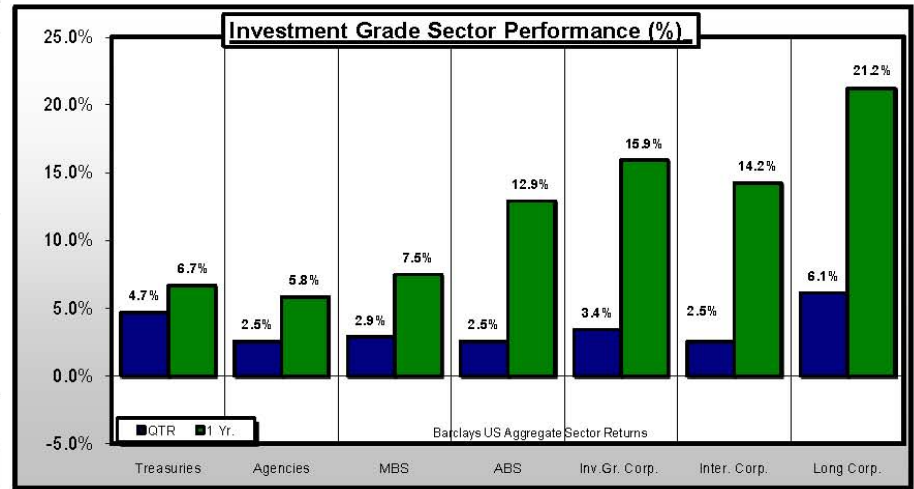
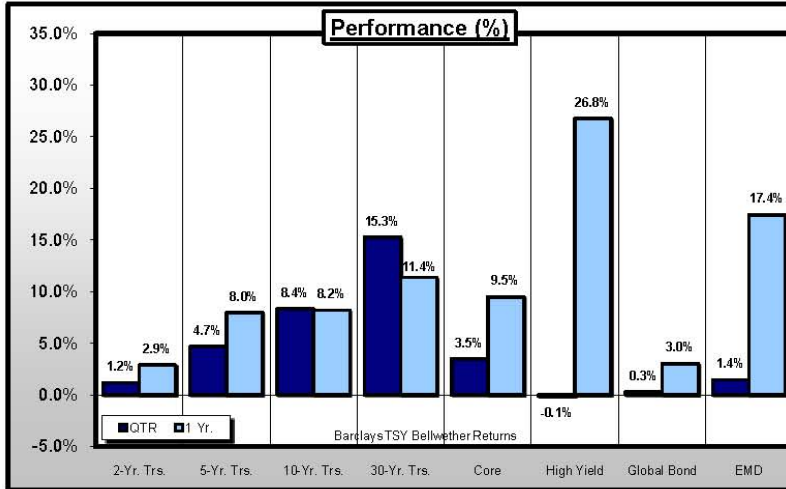
Source: United States Federal Reserve



Citi Pension rate increased to 5.5% in Q2 of 2010.

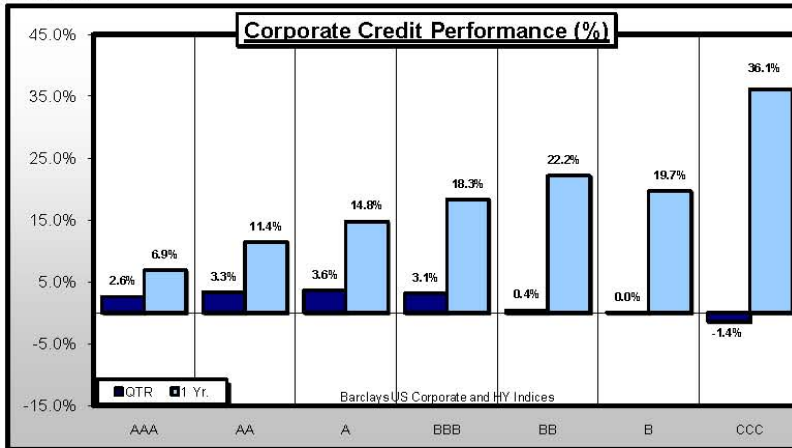
Source: Citigroup

# Fixed Income Performance

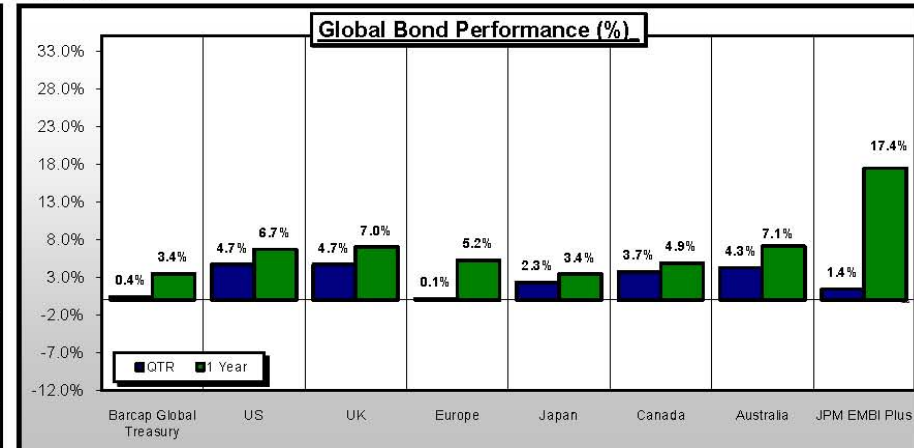


Source: PIMCO

Source: PIMCO

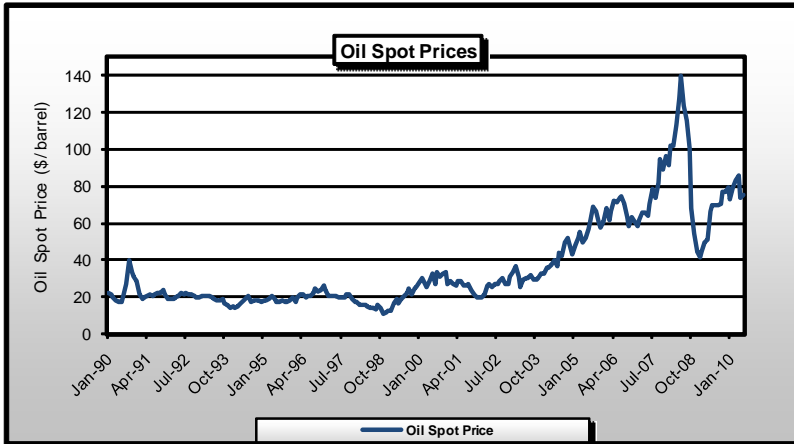


Source: PIMCO



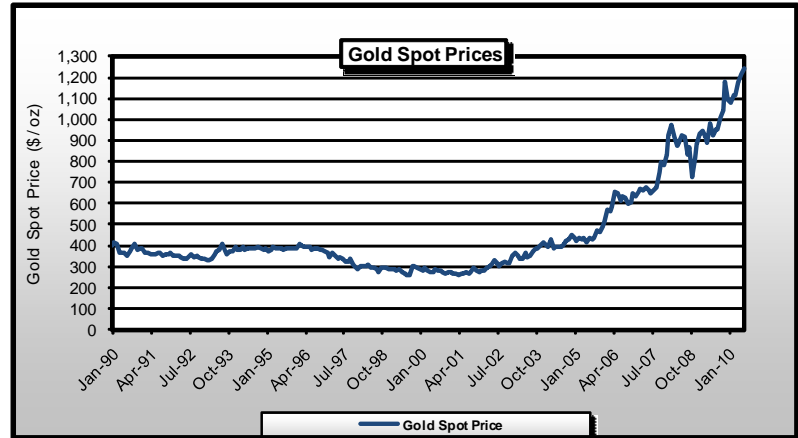
Source: Barclays Capital and JP Morgan

# Market Environment – Commodities



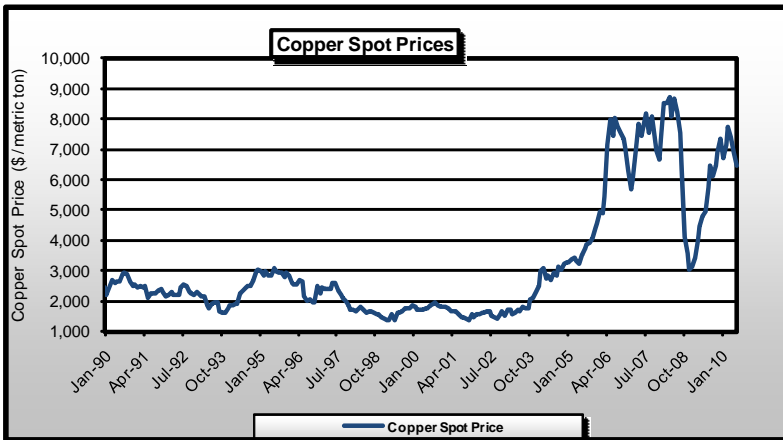
Oil prices rose to \$76 per barrel at the end of Q2.

Source: Bloomberg



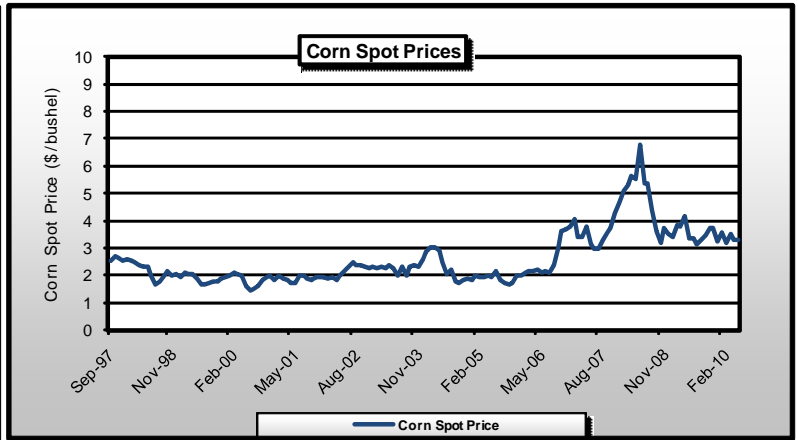
Gold prices finished at \$1,242 per ounce at the end of Q2 .

Source: Bloomberg



Copper prices decreased to \$6,483 per metric ton in Q2 .

Source: Bloomberg



Corn prices finished at \$3.285/bushel at the end of Q2.

Source: Bloomberg

# Information Disclosure

- NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- The Investment Performance Analysis (IPA) is provided as a management aid for the client's internal use only. Portfolio performance reported in the IPA does not constitute a recommendation by NEPC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC. While efforts are made to ensure that this external data is accurate, NEPC cannot accept responsibility for errors that may occur.
- S&P Index data is provided courtesy of Standard & Poor's Financial Services LLC.